

Table with exchange rates for various currencies including US, Germany, France, Japan, etc.

Japanese Industrialists Fearful on Economy

By Steven Brill International Herald Tribune TOKYO — Leading industrialists are privately warning that the Japanese economy is in far worse shape than believed and that a return to healthy growth — which the government contends is just six months away — may not come for years.

need major restructuring to thrive in an era of slow growth and a strong yen. "The status quo may continue for another year until we see some tragedies," the president of Honda Motor Co., Nobuhiko Kawano, said Friday. "Only then will a consensus form."

Fresh evidence of the severity of Japan's recession surfaces daily. There are also hints that the lifetime employment system, a hallmark of labor relations and the chief barrier to more-rapid corporate restructuring, is straining at the seams. These were among the developments on Friday.

sales at home and abroad. It was the latest reflection of the worst downturn in decades for Japan's biggest airline. Japan Airlines, reported first-half losses of 7.92 billion yen (\$73.3 million) and forecast even bigger losses for the second half ending next March.

Frankfurt Wins Nod From Summit As Site for EC Bank

By Tom Buerkle International Herald Tribune BRUSSELS — European Community leaders agreed Friday to place a future EC central bank in Frankfurt in a move that underscored Germany's economic hegemony, but they offered few fresh ideas for curbing Europe's soaring unemployment.

spokesman for Chancellor Helmut Kohl. Ending the long uncertainty over the Maastricht treaty, he added, "will help us to overcome these economic problems."



President François Mitterrand and Prime Minister Edouard Balladur examining a box of Belgian candy in Brussels on Friday under the eyes of Chancery Helmut Kohl.

The decision capped a meeting of symbols rather than action, and underscored the limits of European cooperation. The leaders sought to reassert their political and economic leadership by putting in place the Maastricht Treaty on European Union even while acknowledging that the long and divisive ratification campaign had isolated Europe's leaders from its citizens, and that the treaty's goal of a single European currency remained a distant vision.

EC leaders agree to use 'all appropriate means' to deliver aid to Bosnians. Page 2. Britain, which before yielding voiced concern about the symbolism of choosing the home of the powerful Bundesbank.

A Lab Molecule Could Stop AIDS Virus Potential French Breakthrough Awaits Testing on Humans

By Laura Colby International Herald Tribune PARIS — In a potentially significant breakthrough for AIDS treatment, French researchers in Marseille have synthesized a molecule that prevents the spread of the virus that causes AIDS, according to a paper to be published Saturday in the Journal of France's Academy of Sciences.

research that Dr. Luc Montagnier of the Pasteur Institute said could be complementary. So far, no drugs are available that actually stop the spread of the fatal disease, only some that slow it down.

the retrovirus molecular biology group at Oxford University in England, which is researching gene therapy applications for AIDS. Calling the new molecule "a breakthrough," Jacques Fantini, who led the Marseille research team, explained that in vitro tests showed that the molecule was effective in preventing the spread of the virus in three key ways: In leucocytes, the white blood cells that are a key part of the body's immune system; in macrophages, a type of leucocyte that is often a vehicle for transmitting the virus to the brain, causing dementia, and in the surface cells of the intestines, another key point for the spread of the AIDS virus.

Kiosk New Ulster Peace Initiative Launched

Table with market data including Dow Jones (Down 7.27), Trib Index (Up 0.62%), and currency exchange rates for Dollar, DM, Pound, Yen, and FF.

BELFAST (NYT) — The prime ministers of Britain and Ireland put forward a new set of proposals Friday for peace in Northern Ireland, stating in effect that if the Irish Republican Army ceased its 25-year campaign of violence, there would be a place at a negotiating table for Sinn Fein, the IRA's political wing.

Beijing Seeks To Get Fiscal With Provinces

By Lena H. Sun Washington Post Service BEIJING — For the last few years, China's central government has watched from the sidelines as the provinces have grown rich under economic free-market policies. Now Beijing is ready to put in place an ambitious plan to regain some of the economic influence it has lost to the increasingly independent regions.

'Legitimate' Algerian Terror? Bonn Envoy Says Militants May Be in Right

RABAT, Morocco — The German ambassador to Morocco says he thinks Muslim fundamentalists fighting the Algerian government might have right on their side. The ambassador, Murad Wilfried Hofmann, himself a Muslim, said in a lecture in Rabat on Thursday night that the Islamic Salvation Front, the main Muslim movement in Algeria, could be the contemporary equivalent of the National Liberation Front, which fought French colonialism in Algeria from 1954 to 1962.

against the Algerian security forces last year after the authorities canceled elections that the Islamic Salvation Front was poised to win. More than 1,500 people have since been killed in the guerrilla war between the two sides. Mr. Hofmann, in his lecture on "Fundamentalism and Modernity," said: "The Muslim world was terribly humiliated by colonialism and frustrated by the failure of its efforts to copy the West."

Dr. Montagnier said the foresaw possible correlations with the discovery announced this week by a team at the Pasteur Institute. The Pasteur researchers identified a new molecule, called CD26, that allows the AIDS virus to invade a human cell. "One hypothesis is that these peptides block the binding of the virus to the CD26 receptor, which after the initial binding of the virus to the CD4 receptor allows the virus to enter the cell," Dr. Montagnier said.

Tastemakers An occasional series about people for whom style is a way of life

Monday, in the first of these articles, Suzy Menkes writes about the owners of a London boutique for whom amber is very golden.



STATE OF READINESS IN LITHUANIAN CAPITAL — Government troops in Vilnius, lined up for the visit Friday of the Swedish defense minister, Anders Björck.

The Boring Institute, Where the Greatly Overexposed Are Exposed

By Lindsey Gruson New York Times Service MAPLEWOOD, New Jersey — The Boring Institute is, as well, such — nondescript. But what comes out of its headquarters, an archetypal house on a tree-lined street in this suburban town, has become a staple of the entertainment food chain.

Mr. Caruba and his institute rocketed to national attention in 1984 when he exposed what he believes is one of the most carefully orchestrated charades in history: Macy's annual Thanksgiving Day Parade in New York.

His phone immediately began ringing. As the head of the Caruba Organization, a publicity agent by vocation if not by nature, he knew that he had hit a cultural nerve.

believes is the country's most ignored but prevalent malady: boredom and what he says is its "devastating" contribution to phobias and diseases.

WASHINGTON — In the annals of man-made ventures into space, there has been nothing quite like this. The United States Space Command, which says it can keep track of faraway objects as small as a postage stamp, reports that its instruments followed a stricken two-ton Chinese satellite as it burned through the atmosphere and plunged into the Pacific Ocean 1,000 miles (1,600 kilometers) west of Peru.

Satellite Still Up, The Chinese Insist

Compiled by Our Staff From Dispatches WASHINGTON — In the annals of man-made ventures into space, there has been nothing quite like this.

See BORING, Page 2

See CHINA, Page 5 See SPLASH, Page 2

EC Agrees to Use 'Appropriate Means' To Get Aid to Bosnia

Compiled by Our Staff From Dispatches

BRUSSELS — European Community leaders agreed Friday that all "appropriate means" should be used to ensure the safe arrival of humanitarian aid convoys in Bosnia-Herzegovina, but without using military force to open a route.

Diplomats said the decision implied that force could be used if the warring parties in Bosnia continued to disrupt aid efforts, but stopped short of a commitment to military intervention.

"We must lift the obstacles to free access to humanitarian aid," the 12 EC leaders said in a statement at the end of their summit meeting in Brussels.

The statement condemned the attacks that led the United Nations to suspend aid to some areas of Bosnia this week after the killing of a Danish truck driver in cross fire.

It urged the Croats, Muslims and Serbs to restart peace negotiations. The EC also demanded guarantees from the Serbs, Croats and Muslims that aid would reach people in need.

The statement, promised more cash from the EC, which is already the biggest aid donor in the former Yugoslavia, and included an appeal to other countries to contribute more.

It also included a provision for "the use of all appropriate means to support the delivery of humanitarian aid" and said that UN forces in Bosnia should be strengthened to protect routes.

Diplomats said the phrase "all appropriate means" was a catchall one that could include military action but that it was not explicitly spelled out because most Western countries are deeply reluctant to use force in Bosnia.

Foreign Minister Niels Helveg Petersen of Norway played down any suggestion that intervention might come as a result.

"There is no military action being planned," he said. The agreement on Bosnia will form part of the EC's moves to build a common foreign and security policy, in line with the provisions of the Maastricht Treaty on European Union, which comes into force next week.

The summit meeting was called to celebrate the treaty's entry into force. No figures were given on how much new aid would be available, nor on how many more troops were needed. But it appeared that earlier misgivings among some countries about whether to accept the idea of setting up "safe routes" had been overcome.

Earlier this week President Francois Mitterrand of France proposed opening up such a corridor from the Adriatic coast to Sarajevo, using troops to keep it secure.

A French presidential spokesman said the intention was not to use force but rather to persuade the Croats, Muslims and Serbs not to interfere with aid.

The foreign ministers underlined that the routes should be set up with the agreement of the three sides.

Britain and Belgium initially expressed reservations about the idea proposed by France of using an estimated 4,000 extra troops to protect the route.

Mr. Mitterrand made clear just how high the stakes are for the West as it tries to deal with war in the heart of Europe. He said he saw the danger of ethnic conflicts sparking a European war at the start of the 21st century.

"We are confronted by ethnic massacres which could turn into regional wars," a presidential spokesman, Jean Musitelli, quoted Mr. Mitterrand as saying at the EC meeting. "There is a serious risk of a European conflict at the beginning of the next century."

(AFP, Reuters, AP)

A Labor Truce at Air France

Last of Strikers Return, but Chaos Lingers

Compiled by Our Staff From Dispatches

PARIS — Air France freight workers, who formed the hard core of the two-week strike at the airline, voted Friday to return to work, ending a job action that has caused air chaos in France for more than 10 days.

Freight workers at the two main Paris airports decided to suspend their action after the new chairman of the airline, Christian Blanc, visited with them. Work at freight centers at both airports was resuming Friday evening.

Most other striking employees of the state-owned carrier had already returned to work after the government last Sunday withdrew a restructuring plan that called for 4,000 jobs to be eliminated.

Air France service, although improving, remained severely disrupted Friday, with normal service not expected until after the All-Saints holiday weekend. According to Air France management, additional time is needed to reorganize flight plans, aircraft maintenance and crew rotations.

The company confirmed an increase in the number of its flights departing from Paris on Friday, eight from Orly International Airport and 51 from Charles de Gaulle International. Normal service is about 200 departures a day from Charles de Gaulle and 10 from Orly. There were only 20 departures Thursday.

There were no reports of disruptions to other airlines. As the freight workers voted to return, however, another labor problem loomed Friday. Unions at Air Inter, the domestic subsidiary of Air France, called a 24-hour strike for Nov. 10 to protest government moves to deregulate domestic air transportation.

Ten unions representing Air Inter employees called the strike to protest a hiring freeze, the sale of airline subsidiaries and government plans to open profit-making domestic routes to private

companies while requiring Air Inter to maintain services on loss-making routes.

Air Inter's president, Jean-Cyril Spinetta, resigned earlier this week over the deregulation program.

The freight workers have occupied their depots in both airports since Oct. 12, blocking cargo aircraft and shipments. Most Air France passenger flights have been blocked since Oct. 19.

Transit staff at Charles de Gaulle voted to halt their strike Thursday.

Mr. Blanc, a former president of the Paris transit system who is close to the Socialist opposition leader, Michel Rocard, was applauded Friday when he visited the freight workers at Charles de Gaulle, a trade union delegate said.

He told the workers that the restructuring plan had been "completely abandoned," said Eric Lubbeig, a delegate of the Democratic Labor Federation, a pro-Socialist union.

One of the reasons for the slow return to work after the government backed down last Sunday was a failure to give written assurances that the plan would be withdrawn.

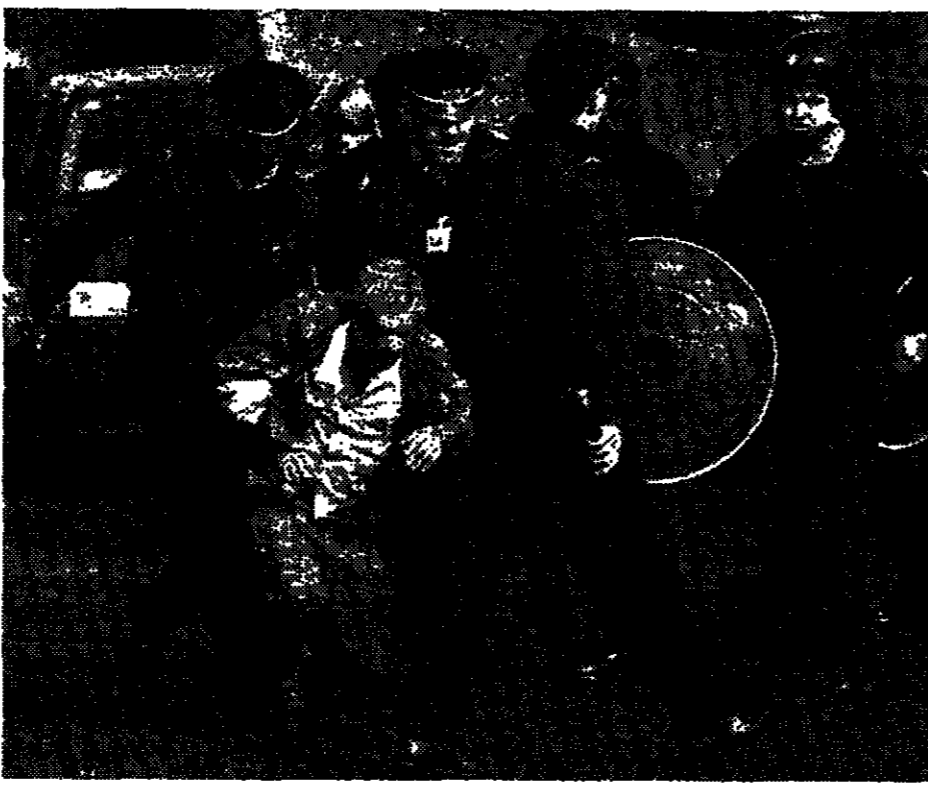
Mr. Blanc said no charges would be brought against strikers provided equipment had not been damaged. But he rejected the strikers' demand that they be paid for the days they were on strike.

Marc Blondel, head of the moderate Force Ouvriere union, said he had obtained unspecified guarantees from the government during a visit to Prime Minister Edouard Balladur's office Thursday. He said he had asked for cancellation of the airline.

"I think it will be more than 5 billion francs," he said of the government's cash infusion.

(AFP, Reuters)

Telephone information about departing Air France flights is available in France at 05-05-11-55, and information about arriving flights is available at 05-05-15-55. Both numbers are toll-free.



Manuel Mouna/The Associated Press

Policemen taking away an airline worker injured in a clash on Friday at the Lisbon airport.

Violence Erupts at Lisbon Airport

The Associated Press

LISBON — More than a dozen airline employees were arrested and several policemen were injured on Friday in fighting between riot policemen and TAP-Air Portugal workers at the Lisbon airport.

Thousands of airline workers stormed out of a union meeting and marched to the departure terminal to protest the carrier's plan to freeze salaries and cut at least 2,500 jobs. The workers and riot policemen clashed when the officers formed a line to prevent the protesters from entering the terminal.

At least six policemen were cut on their hands and faces when workers grabbed lumber from a construction site and charged the police line, then fell back and sent up a barrage of bricks and rubble.

One worker suffered head injuries and a broken leg and at least seven others were injured when policemen beat workers who rushed into the departure terminal, according to an airline employee.

There was no official confirmation of the injuries. No flights were canceled either Thursday or Friday, and only one flight was delayed, according to an airline spokesman.

The violence came as a surprise after previous demonstrations that have been relatively peaceful. On Thursday, about 2,000 workers marched on the tarmac for an hour without incident, carrying signs that read "TAP — Air France: The Same Battle," a reference to the strike at the French state airline that wrecked havoc at Paris airports this week.

But José Braz, head of the Portuguese airline workers union, warned of the possibility of violence after the ministers of public works, transportation and communications, Joaquim Martins Ferreira do Amaral, refused to meet with union leaders on Thursday.

The airline has predicted that it will lose up to 36.6 billion escudos (\$211 million) this year, raising the company's debt to 124.4 billion escudos.

Voodoo Spirits Doom Aristide

By William Booth

PORT-AU-PRINCE, Haiti — When Haitians want to know what the future holds, they often consult the spirits of voodoo. These days, the spirits of voodoo, dark, troubling and violent — at least for President Jean-Bertrand Aristide.

The Supreme Council of Zantray, the largest voodoo organization in Haiti, which boasts more than 600 priests and 30,000 members, meets each week in an outdoor temple at Reginald Bailly's suburban home to consult the "loas," or spirits.

Mr. Bailly and 42 other priests —

or "mambos," "houngans," "bokors" or "serviteurs," as they are also called — gathered a few days ago to seek the loas about the political future of Haiti, including whether the Reverend Aristide would return from exile and whether the country's military leader, Lieutenant General Raoul Cedras, would resign.

The priests sat on benches in a mud courtyard behind Mr. Bailly's house, near a red shrine alight with candles and beside a small wooden temple decorated with drawings of the loas and saints: Ogoun Feraille, the god of war; Erzulie Freda, the goddess of love; Damballah, the snake god and god of the universe.

Zantray and other voodoo organizations are closely aligned with the military regime, whose leaders often court voodoo priests. For years, the dictator Francois (Papa Doc) Duvalier manipulated the images of voodoo to control people and cultivate fear among his enemies. So did Haiti's first emperor, King Henry I, who used voodoo priests in 1811 to cow supporters of his enemy, Alexandre Pétion.

The current military leadership attends the annual gatherings of Zantray. Lieutenant Colonel Michel François, the notorious chief of the Port-au-Prince police, is said to be deeply involved in voodoo.

"The military always wants to know what we know," Mr. Bailly said. "They ask what we have found, indirectly and directly. The military and political leaders, too. They need to be kept informed."

And what did the spirits say? "They had a feeling that Aristide is coming back," Mr. Bailly said. "But they had a feeling he was coming back to die."

He says voodoo priests do not generally support Father Aristide, in part because he is a Roman Catholic priest, and Catholic and Protestant authorities have targeted voodoo as evil and retrogressive. But, he said, voodoo priests are not automatically against the exiled president, either.

"The spirits gave us a feeling that Aristide himself is at war," Mr. Bailly said. "He is afraid. He could chicken out and stay in the States." "But," he added, "part of himself has a strong belief that he is 'a great spiritual leader, but that he will die, like a martyr, so he is unsure.'"

Pro-Military Leaders in Haiti Plan an Interim Government

Washington Post Service

PORT-AU-PRINCE, Haiti — Leaders of a pro-military coalition said Friday that they planned to create an interim government to replace that of President Jean-Bertrand Aristide, while desperate UN diplomats called for further negotiations with the military leaders who effectively control Haiti.

Emmanuel Constant, the leader of the Front for the Advancement and Progress of Haiti, which is characterized by U.S. Embassy officials as a violent anti-Aristide coalition, said that "with or without the parliament" a new temporary government would be created and elections held in 90 days.

Father Aristide had been sched-

uled to return to Haiti on Saturday, but the refusal of military leaders to relinquish power and the continued violent repression, including the assassination of Father Aristide's biggest financial backer and his minister of justice, have persuaded a plan to restore him to power.

Mr. Constant suggested that his call for a new government had military support. "The civilian politicians will do their job and the military will do its job," said Mr. Constant, whose group paralyzed the country Friday with a general strike. It left downtown Port-au-Prince nearly empty except for a demonstration of coalition supporters, who called for the arrest of Father Aristide's prime minister, Robert Malval.

Analysts Discount Verdict in RSI Case

Reuters

LONDON — Repetitive stress injury will remain an important issue for insurance companies, analysts said Friday, even after a ruling by a British judge that it did not exist as a medical condition.

"It's a brilliant decision from an insurance industry point of view," said David Hodson, an insurance analyst with Credit Lyonnais. Similar cases would continue to appear in court. "This is not the final verdict."

Judge John Prosser ruled Thursday against a former Reuters journalist, Rafiq Mughal, who had claimed damages and compensation for lost earnings from the news agency, in whose London offices he worked from 1987 to 1989.

Judge Prosser said in his ruling that repetitive stress injury, or RSI, was a gibby used label that was "meaningless" and had "no place in the medical books."

The judgment was a setback for journalists and other workers suffering from painful wrist, arm and neck conditions that they believe are linked to the use of computer keyboards or to other tasks that require frequent repetitive motion.

Insurers have set aside substantial reserves against potential claims for RSI and related disabilities, and Judge Prosser's ruling opened up the prospect that they may be able to release some of these reserves in the future, which could bolster their profits, analysts said.

However, they said the longer-term trend was for employers' liability claims to increase both in size and number.

Graham Warren, insurance analyst at Goldman Sachs, said that in the longer term Britain was likely to catch up with the United States in terms of frequency of litigation on employers' liability.

"The big worry for British insurers is when you get the first massive award of over £1 million," he said. Several settlements have been paid this year to keyboard users suffering from RSI in Britain, including £45,000 (\$66,500) to a former secretary for Midland Bank PLC, and an award against British Telecom for 11 computer operators.

In July, a county court awarded amounts of up to £6,000 to six poultry workers.

"I would be surprised if at the end of the day RSI is not recognized as a medical condition," one insurance analyst said.

The National Union of Journalists said it was considering an appeal in the Mughal case.

The union has 73 other cases pending and more than 200 members suffering from RSI.

"A lot of companies would like to settle RSI complaints but they are under pressure from their insurance companies not to do so without a court ruling," said Tim Gospill of the union.

Unions Jam Brussels as EC Leaders Meet

Reuters

BRUSSELS — Belgium's transportation system was crippled by a strike Friday, with tens of thousands of trade unionists protesting in central Brussels in a march called to embarrass the government during a European Community summit meeting.

The Belgian police estimated that 25,000 people had joined the march, but the unions put the number higher than 70,000.

The unions were protesting austerity measures planned by the government.

Prime Minister Jean-Luc Dehaene of Belgium is drawing up a plan to curb high social spending and restore competitiveness after attempts to conclude a "social pact" with the unions and employers on new budget austerity measures and wage restraint failed last weekend.

SPLASH: Not Ours, Chinese Say

Continued from Page 1

Americans prove their claims? We will prove very soon that our satellite is still in orbit."

Major McCouch said the satellite fell into the Pacific on Thursday was the same one launched by the Chinese aboard a Long March rocket on Oct. 8 from a site in the Gobi Desert.

"We have a multibillion-dollar ground facility here, with state of the art radar tracking technology," Major McCouch said. "I can track a bolt 10 centimeters in length."

DEATH NOTICE

FRANK WILLIAM WARREN beloved son of Uesed Warren-Ilen and Frank M. Warren, died October 17, 1993, in Geneva, Switzerland, of cancer, at the age of 35. He will be remembered for his kindness, character, and the deep friendships he engendered. Funeral services and burial took place on October 20. A final phase of his was "It is all such a pity."

WORLD BRIEFS

Japanese Payoff Scandal Spreads

TOKYO (WP) — Japan's latest political payoff scandal expanded again Friday with reports that a former prime minister, Noboru Takeshita, got hundreds of thousands of dollars in illicit contributions from a giant construction company.

Several newspapers here reported that "sources close to" a construction executive arrested this week for bribing politicians had said that the same executive made large cash "gifts" to Mr. Takeshita twice a year for "several" years beginning in 1989. The contributions were evidently not reported, as would be required, and would have exceeded the legal maximum if the reports are accurate.

Mr. Takeshita's office said the politician "completely denies" the accusations. His aides said that he was "not acquainted" with the executive, and added that Mr. Takeshita "has never accepted any illegal contribution." Mr. Takeshita was one of the titans of Japan's Liberal Democratic Party, which lost control of the government in last summer's election because of repeated payoff scandals.

Yeltsin Gives Court an Election Role

MOSCOW (Reuters) — President Boris N. Yeltsin established a special Information Court on Friday that was described as an arbitration panel that would ensure the independence of the press and equal access to mass media for all candidates ahead of Russia's first post-Communist parliamentary elections.

A statement issued by Mr. Yeltsin's press office said he had appointed judges to the court, but gave no names.

The court is charged with helping to "protect mass media against unlawful interference into its activities during the electoral campaign," the statement said. It also said that Mr. Yeltsin had signed a document setting out rules for fair coverage of candidates in the Dec. 12 elections.

Bonn Aide Defends Meeting Iranian

BONN (AP) — Chancellor Helmut Kohl's top security adviser on Friday defended his meetings with the Iranian intelligence chief, which drew protest notes from the United States and Britain.

The secret police force for the Iranian intelligence chief, Ali Fallahian, has been accused of assassinating Iranian dissidents abroad. One reputed agent went on trial this week in Berlin, charged along with four Lebanese men with the murder of three Iranian Kurdish leaders and their translators in a restaurant 13 months ago.

The director of the German intelligence service, Bernd Schmidbauer, has insisted the meetings be organized for Mr. Fallahian with various German intelligence chiefs this month had humanitarian grounds. He has not said what they were. Mr. Schmidbauer hinted Friday that prisoners had been freed as a result of the talks. He denied suggestions by some lawmakers that he had discussed the Berlin trial with Mr. Fallahian or that he had withheld evidence from the court about the 1992 slayings.

High Court Backs Pentagon on Gays

WASHINGTON (NYT) — The Supreme Court cleared the way Friday for the Pentagon to carry out its new policy on homosexuals in the military while the Clinton administration appeals a Sept. 30 order by U.S. District Court Judge Terry J. Hatter Jr. in Los Angeles banning all discrimination against homosexuals in the military.

The unanimous action was procedural and did not necessarily reflect a judgment on the constitutionality of restrictions on the military service of gay men and lesbians. That underlying question may reach the court either in a later phase of this case or in other cases in the legal pipeline.

The court's action permits the Pentagon to put into effect the new "don't ask, don't tell" policy, which shields gay service members from some kinds of investigation but still subjects them to dismissal for homosexual conduct or for revealing their homosexuality.

Bogotá Renews Ties With Havana

BOGOTA (AP) — Colombia has re-established full diplomatic relations with Cuba after 12 years, declaring that the Cuban government no longer supported leftist rebels in Colombia.

Colombia broke off diplomatic ties with Cuba on March 23, 1981, accusing Havana of supporting the leftist guerrilla group M-19, which has since reached a peace agreement with the government.

"We are convinced that today no link exists between the Cuban government and Colombian guerrillas, and that Cuba does not support the armed struggle in Colombia," Foreign Minister Nohemi Sanin said. She said she hoped democracy would soon return to Cuba, one of the world's few remaining Communist countries.

Georgian Denounces Rebel Alliance

TBILISI, Georgia (Reuters) — The Georgian leader, Eduard A. Shevardnadze, flew to his country's western crisis zone on Friday, denouncing what he said was a new alliance between two rebel forces.

"It is time to put a stop to what is happening now in western Georgia," Mr. Shevardnadze said on arriving in the country's second largest city, Kutaisi. He said the situation had grown more critical since the formation of the alliance between rebels backing former President Zviad G. Gamsakhurdia and separatists from the Black Sea province of Abkhazia. There was no immediate confirmation of the alliance.

Georgia said earlier that its troops had regained territory lost to rebels, including the town of Khobi. Diplomats said the civil war in the former Soviet republic seemed to be headed toward a showdown.

For the Record

The House of Commons backed the ordination of women priests in the Church of England in a 215-to-21 vote supporting the church's governing synod on the issue, which is bitterly dividing the church. (Reuters)

TRAVEL UPDATE

Austrian Airline flights scheduled for Friday night and Saturday were canceled after pilots called an "unlimited strike" to protest cost-cutting measures, the Austrian Press Agency reported. (AP)

The Romanian airline Tarom will start flights from Bucharest to neighboring Moldova, twice-weekly beginning Tuesday. Most of Moldova was once in Romania. Links have been growing steadily since the small republic became independent from Moscow in 1991. (Reuters)

BORING: A Snapshot of Excesses

Continued from Page 1

acuity suffers," Dr. Augustin M. de la Pena, an authority on sleep disorders at the San Jose Medical Center, argued in "The Psychology of Cancer" that boredom re-

presses the immune system, increasing susceptibility to disease. Other physicians have greeted the thesis with all the attention lavished on a television test pattern and, occasionally, with the hostility aroused in parents by children insistently wanting to be taken to Macy's parade.

But Mr. Caruba remains irrefragable about the worth of the work he does in the house where he has lived with his parents since he was 5 years old.

The list of interviews he gave last December is 15 pages long, not to mention queries he answered about National Anti-Boredom Month (July for those too bored to have noticed) and to his September disastors, "Fearless Forecast of Fall Flops," or to his annual list of the year's 10 most boring movies, a protest of the Oscars.

Mr. Caruba says he is just about done with this year's list of boring celebrities, though he would not discuss nominees until his December release.

No. 3 last year was Jerry Brown, whose toll-free fund-raising number became the mantra of the politically correct. No. 2 was Woody Allen, whose personal life became more bizarre and more widely chronicled than his cinematic fantasies, and the winner, No. 1 on the Lettermanesque list, was the British royal family.

"Magnificently dysfunctional," he said. "Our hearts go out to the queen and the people of Great Britain." (LHT, WP, AP, Reuters, AFP)

Serbian Guns Hit Sarajevo Defense Lines

The Associated Press

SARAJEVO, Bosnia-Herzegovina — Serbian gunners on Friday tested Sarajevo's southern defense lines, which are under new command after the arrest of two renegade Bosnian Army officers on criminal charges.

Army positions in the Trebevic and Zlatiste areas came under heavy tank, artillery and mortar fire. The government-run radio said Sarajevo had been put on general alert during the bombardment, which lasted more than three hours. There were no immediate casualty reports.

The targets included districts defended by the brigades of two renegade commanders who had turned the neighborhoods into personal fiefdoms before they were arrested on criminal charges this week. The areas were also hit Thursday, when at least 750 shells rained down on Sarajevo's front lines.

Army officials contend that their internal command turmoil is settled and has not jeopardized Sarajevo's defenses. But Serbs seemed intent on testing them.

City of Civil War Fame Gears for New Invasion

By Carlos Sanchez

WASHINGTON Post Service

WASHINGTON — Not since Washingtonians rode 30 miles out to watch the First Battle of Bull Run at the start of the Civil War has so much attention been focused on Manassas, Virginia, soon to be the site of the trial of John Bobbitt. The people who operate the Prince William County Court House in the city of 28,000 are bracing for a tidal wave of attention — laying in extra phone lines for the press, workers for crowd control and provisions for the cafeteria.

John and Lorena Bobbitt's domestic violence has made them the most famous couple in Manassas, and both will be in court next month. She cut off his penis because, it is alleged, he raped her. He goes on trial Nov. 8 on marital sexual assault charges, and she faces trial on malicious wounding three weeks later.

"It's sort of an irresistible story," said Martin Fletcher, U.S. editor for The Times of London, which may send one of its four U.S.-based correspondents to cover the trial. "It's a story that carries across the Atlantic, the universality of it."

Journalists from Spain, Germany and Japan have also called the trial.

The best-selling author Gay Talese, who is writing about the case for The New Yorker magazine and has been visiting Prince William County periodically since July,

calls the case "sensational," although he says he is more interested in its sociological implications. "The press represents the nation, and successful media gives the readers what they want," he said in a telephone interview. "What readers want today, when the American public wants its action, violence and sensationalism."

The domestic interest, says Robert L. Marsh, court administrator, is typified by a call he received from a New Yorker who was planning his vacation around the trial dates so he could drive down and witness the spectacle.

David Mabie, the clerk of the court, said no other case he had witnessed had attracted so much attention. He has sought advice from court officials in Indianapolis who handled the rape trial of the boxer Mike Tyson as well as those in Simi Valley, California, who dealt with the Rodney G. King beating trial.

To accommodate an estimated daily crowd of up to 400 for each of the trials, officials at the courthouse — which has a total of seven pay phones and seats 150 people in its largest courtroom — have engaged the local phone company to bring in dozens of extra phone lines. Where they will put them, nobody has yet figured out, said Mr. Marsh. Maybe in the parking lot, or at the nearby firehouse meeting hall, being eyed as a press center.

One big headache is making space for what Mr. Mabie and Mr. Marsh are predicting will be a daily crush of 100 reporters and photographers and their high-tech equipment. Their cars and television vans could cause gridlock at the courthouse, officials fear.

The Bobbitts, who could each serve up to 20 years in jail if convicted, have professional media consultants. Lorena Bobbitt has been interviewed on network television and by a national magazine. John Bobbitt has given no interviews and will not until after the trials, his lawyer said.

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STATESIDE / WHEN HOT TUBS SAVE HOUSES

Slums Not the Only 'Firetraps' New Risk as Cities Sprawl Into Dry Scrubland

By Seth Mydans
New York Times Service
ALTADENA, California — In this city where the sprawl of Los Angeles meets the scrubland of the San Gabriel Mountains, exhausted fire fighters have been battling what experts call the fire of the future.

Employing everything from air assaults to prison crews on the ground clearing away brush, fire fighters have struggled since Wednesday to outrun hungry wildfires and outwit the changeable Santa Ana winds while setting up a fire line to protect homes at the city's fringes.

They have had to combine rural and urban fire-fighting techniques: to make frontal attacks on fast-moving and unpredictable brush fires that, if they had been in uninhabited scrublands, would be allowed to burn free within a perimeter of fire breaks.

This strategy is more and more common as more and more of California's homes have spread into canyons and up hillsides.

"What we are seeing right now is what we have termed the fire of the future, with wildfires destroying large numbers of structures," said Karen Terrill, a spokeswoman for the state Department of Forestry and Fire Protection.

"This is what we are going to see more and more frequently." In places like Altadena, fire fighters have also learned to take their stands where homes are defensible and abandon those that are closely surrounded by brush or trees.

The most defensible houses, Ms. Terrill said, are those with open space around them, with fire-retardant roofs or with swimming pools to provide water.

"Hot tubs have been known to save houses," she said.

The Altadena fire, which no longer threatens homes, has been an example of this new complex

challenge, said Clark Pearson, an inspector with the Los Angeles County Fire Department.

The fire destroyed or damaged 115 homes and forced the evacuation of 500 others, injuring 29 firefighters and causing at least \$15 million in damage as it swept 5,500 acres (1,375 hectares) along the northern edges of Altadena and Pasadena.

Throughout the region, from Ventura County to the Mexican border, there were 13 large fires that burned across 137,000 acres and forced some 25,000 people from their homes.

An estimated 700 dwellings were destroyed or severely damaged.

Fire fighters were gaining the upper hand Friday.

In Altadena, a row of blackened walls and chimneys was all that was left of some of the exclusive homes overlooking the city along Kinross Mesa at the foot of the San Gabriel Mountains.



A luxury home spared by the wind-lashed brushfires in Laguna Beach, south of Los Angeles, stood unscathed among the ruins of a neighborhood of expensive dwellings.

POLITICAL NOTES

Worse to Come in Packwood Case?

WASHINGTON — Senator Bob Packwood's personal diaries contain information that has raised questions about possible violation of criminal laws by the Oregon Republican legislator, the chairman of the Senate ethics committee said.

In a lengthy statement on the panel's reasons for seeking to force Mr. Packwood to turn over all his diaries, the committee chairman, Richard H. Bryan, Democrat of Nevada, said for the first time that Mr. Packwood might have engaged in criminal misconduct as well as improper behavior toward women.

He also accused Mr. Packwood and his attorney of using "misleading" and "inaccurate" arguments in fighting the subpoena that the ethics panel issued last week for the senator's diaries.

Mr. Bryan did not specify the nature of the possible criminal violations.

The Senate minority leader, Bob Dole, Republican of Kansas, called Mr. Bryan's statement "very unfortunate"

Dinkins Steps Up Attack in N.Y. Race

NEW YORK — A visit from the president, a flurry of broadcast appearances and saturation-strength television commercials propelled the New York mayoral campaign toward its final weekend as Mayor David Dinkins rolled into high-geared attack and Rudolph Giuliani made more tempered appeals to liberal swing voters.

With polls showing next Tuesday's vote too close to call and with voters' unfavorable impressions of Mr. Giuliani, the Republican candidate, edging upward after the mayor's earlier broadsides, Mr. Dinkins unleashed his harshest commercial of the campaign, using footage of a speech by Mr. Giuliani to a rowdy police rally near City Hall last year and condemning him for excessive zeal as U.S. attorney in Manhattan.

For his part, Mr. Giuliani apparently mixed confidence with the acknowledgment that his voter support seems to suffer when he is too much on the offensive, and he steered

away from direct attacks on Mr. Dinkins, the Democratic incumbent.

A Foreign-Policy Quiz for Christopher

WASHINGTON — Secretary of State Warren M. Christopher is scheduled to appear before the Senate Foreign Relations Committee on Thursday for a review of U.S. foreign policy objectives.

Mr. Christopher is expected to be asked about Clinton administration policies around the world, including Haiti, Somalia, Bosnia-Herzegovina and Russia.

Quote / Unquote

Representative Lamar S. Smith, Republican of Texas, on President Clinton's plan for an overhaul of the nation's health-care system: "The president took the surprise approach to revealing his new health program. The good news is, we got to see more of it. The bad news is that when we got to see it, it looked even more like another tax bill."

Away From Politics

Standard time returns to most of the United States this weekend. Clocks will be turned back one hour Sunday at 2 A.M. Daylight time returns April 3.

Only 175 cases of measles were reported in the first six months of 1993 in the United States, an almost 99 percent decrease from the nearly 14,000 cases counted in the first half of 1990, during the peak of an epidemic, the Centers for Disease Control and Prevention reported.

Jewish protesters in Cleveland lost a court challenge to restrictions on protests at the home of John Demjanjuk, whose war crimes conviction was overturned in Israel.

Fraudulent injury claims on New York subways and buses will be tracked down by a new unit of prosecutors and detectives. It will pursue lawyers and doctors who the Transit Authority said "make these frauds possible." Last year the authority paid about \$50 million in damages.

The most-traveled spacewoman is a biologist, Shannon Lucid, aboard the shuttle Columbia. "She is now the

goddess of the universe," the craft's commander, John Blaha, said. "She has more time—762 hours and counting—than any woman ever in the human race."

Cancer warnings about chewing tobacco will have to be placed alongside ads for such products as Skool and Copenhagen on racing cars, banners, signs or uniforms. The Federal Trade Commission was asked by the Coalition on Smoking or Health to extend its warnings on mouth cancer and gum disease to racing cars.

Tapes Tarnish N.Y. Blast Case

By Robert L. Jackson and Ronald J. Ostrow
Los Angeles Times Service

WASHINGTON — Secret tapes suggesting the FBI may have missed an opportunity to prevent the World Trade Center bombing have put federal law-enforcement officials on the defensive and threatened to complicate the job of prosecuting the bombing suspects.

The tapes, made by a government informant, Enad A. Salem, reflect conversations in which Mr. Salem complained to his FBI handlers that the agency had failed to act on his tips that a terrorist explosion was being planned at Manhattan's 110-story trade center towers.

The blast in February killed six people, injured more than 1,000 others and sent thousands more fleeing the office complex down darkened, smoke-filled stairways.

Taken as a whole, the tapes pose "an absolute nightmare for prosecutors," said Richard Ben-Veniste, a Washington attorney and former associate prosecutor in the Watergate case. Officials, although declining to elaborate on the record,

acknowledge that the development poses a problem.

Mr. Ben-Veniste and others say the tapes show a distrustful relationship between the government and an informant whose veracity it must support in court trials. Otherwise, his value as a witness—perhaps the government's most important one—will be badly damaged.

The taped conversations became public knowledge this week when a federal judge presiding over the trial of suspects in the case gave transcripts to defense attorneys.

In one conversation, Mr. Salem — a former bodyguard for Sheikh Omar Abdel Rahman, who is suspected of inspiring the bombing — says law-enforcement officials once planned to have him throw the bombing by substituting harmless powder for the explosives, but then called it off.

One high-ranking enforcement officer asserted, however, that Mr. Salem's remarks were exaggerated and "taken out of context." The government lacked information before the bombing that was sufficiently specific to head it off, the officer insisted.

"There's no way the FBI would be in receipt of information that there was going to be some terrorist action and not act upon it," the officer said. "That's ridiculous."

But government officials acknowledged that the tapes seriously complicated the prosecution's tasks. One official said, for example, that by challenging Mr. Salem's claim on the tapes that he gave the FBI advance knowledge of the bombing, the government raises questions about Mr. Salem's overall credibility.

The same point was made by Harry C. Batchelder Jr., a former prosecutor and New York attorney who once represented Sheikh Rahman. Mr. Batchelder said defense attorneys might now be able to show "inaction by the government and distrust of their own informant."

AMERICAN TOPICS

Why a Miss Is Not As Good as a Mile

Psychologists are studying the phenomenon of regret. They hope to find out, for example: Why is it so much more agonizing to miss your flight by 4 minutes than by a full 30 minutes?

What do people regret more, things they did or things they did not do? Thomas Gilovich, a psychologist at Cornell University at Ithaca, New York, says that the easier it is to imagine the alternatives to a regretted action or inaction, the more intense is the emotion to what really did happen. This may explain why it's more agonizing to miss your flight by 4 minutes than 30.

"We can sure imagine, if only there hadn't been, that slow truck," says Janet Landman, a University of Michigan psychologist. But to make up a half-hour would take "a whole chain of events." Her book, "Regret: The Persistence of the Possible," is to be published in November by Oxford University Press.

Mr. Gilovich says that people regret action more than inaction at first, but that over a long period they come to regret inaction more than action.

He found that when people were asked for their biggest regret of the past week, action was regretted more than inaction by a slight margin. But when they were asked about the biggest regret in their lives, 84 percent cited an inaction.

Short Takes

A bill introduced in Congress would block state motor vehicle departments from releasing personal information about a license holder to random callers without the license holder's permission. "The random access to this type of personal information poses a threat to every licensed driver in the nation," said Representative Jim Moran, Democrat of Virginia, a co-sponsor of the bill. In 32 states, anyone can find out someone else's name and address simply by submitting a license plate number and a nominal fee. In 1989 an actress, Rebecca Schaeffer, was fatally shot at her Los Angeles apartment by a man who had used her license number to get her home address. Now California limits the available information to only a person's name and town.

"The Birth of a Nation" has been omitted from the Library of Congress's current commemoration of 100 years of motion pictures, although last December it was included among the all-time most valuable in the National Film Registry. The Washington Post calls the film "D.W. Gri-

fit's 1915 landmark epic that almost single-handedly turned movies from an amusement to an art form." But in its recounting of the Civil War and Reconstruction, it portrays blacks as either "eye-rolling Uncle Toms" or "tearing defilers of white womanhood." Pat Loughney, who heads the library's film division, said he had made the decision on his own. "Quite candidly," he said, "it is a sensitive subject." He expressed concern that "controversy over the social issues might drown out any discussion of the historical and aesthetic."

Some of the half-million deaf people in the United States are objecting to the cochlear implants, a surgically implanted device that restores limited hearing. The cost of the two-hour surgery and follow-up medical care is \$25,000 to \$30,000. "It's time for the public to respect us as deaf people, not as handicapped people," said Cliff Mores, president of the Colorado Association of the Deaf, in a typical comment. "The handicap is the public's perception." Dr. Samuel Selesnick of the New York University Cornell Medical Center agrees, saying that the implants aren't for every deaf person but that they can help many. "If someone is hearing-impaired and can wear a hearing aid and do well there's really no need for the implant," he said.

Arthur Higbee

U.S. Revises Its Nuclear Strategy

By Michael Wines
New York Times Service

WASHINGTON — Defense Secretary Les Aspin ordered an overhaul of the military's 45-year-old nuclear weapons strategy on Friday, saying the main threat to U.S. security now stemmed from nuclear terrorists and renegade states, not the superpower war for which the American arsenal was designed.

U.S. nuclear missiles and nuclear-armed aircraft have been placed on lower alert since the Cold War ended in 1991, but they remain aimed largely at cities, factories and military assets of a Soviet Union that no longer exists.

Mr. Aspin said the review now under way would lead to changes not just in that list of targets, but in the size of the nuclear arsenal, how it is deployed on land, air and sea, and the way it is used to deter—or punish—old or new enemies.

"This kind of comprehensive approach is demanded by new circumstances," Mr. Aspin said. "The Cold War is over; the Soviet Union is no more. But the post-Cold War world is decidedly not post-nuclear."

Although the Soviet threat has subsided, he said, its warheads have been inherited by four successor states whose grip on those weapons is, at best, less assured than before. In those states, accidents and loss of control of nuclear weapons now are the primary fears of American military planners, Mr. Aspin said.

Even less assured are the intentions of terrorist groups and renegade nations, like Libya and North Korea, that are known to be seeking nuclear arms.

Their principal threat—a bomb or two, smuggled into the United States and then exploded or used for blackmail—may be harder to detect and ward off than the old Soviet threat, Mr. Aspin said.



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Altered State of Drug Policy

U.S. Will No Longer Stress Latin American Interdiction

By Joseph B. Treaster
New York Times Service

WASHINGTON — The Defense Department is making a modest shift away from its ineffective and heavily criticized attempts at intercepting drugs, toward a greater emphasis on helping countries in Latin America attack the major narcotics trafficking organizations.

Drug experts said the change was likely to have little effect on the flow of illegal drugs into the United States.

Brian E. Sheridan, deputy assistant secretary of defense for drug enforcement policy and support, said the military planned to cut spending on the interception of drugs, which now accounts for 71 percent of its \$1.7 billion anti-drug budget, by 6 to 11 percentage points. It intends to increase spending on training and equipment for countries that grow, refine and export illegal drugs to 16 percent, up by 5 percentage points.

The biggest impact on the military's anti-drug programs, which have repeatedly been criticized in Congress and by independent drug experts as among the country's most expensive and least effective anti-drug efforts, is being brought about by Congress. Pentagon officials said Congress was likely to cut the overall military anti-drug budget by as much as \$250 million, or nearly double what the Pentagon had recommended after an internal review.

Some drug experts said the Pentagon shift represented little change from the policy of President George Bush's administration and pointed out that in making the announcement Thursday, the Clinton ad-

ministration had failed to deal with the main issue of debate: how much of the proposed \$13.1 billion annual drug budget should be devoted to law enforcement and how much to rehabilitation and other health measures.

The Clinton administration's budget allocates about 65 percent to law enforcement and 35 percent to health measures, or about the same as the last Bush budget. Members of Congress and many drug experts have been urging a substantial increase for treatment, and some have suggested a 50-50 split.

The administration issued a national drug strategy last week that emphasized health issues. But the strategy was widely criticized by Democrats as well as Republicans and independent experts for not giving any indication of how spending would be apportioned.

Drug experts questioned the fundamental direction of the Pentagon's shift, saying corruption and a lack of enthusiasm for tackling the drug problem in some Latin American countries made putting more money into them an extremely questionable enterprise. Colombia has been the most cooperative by far in helping the United States achieve its goals in Latin America, they said, and it has focused almost entirely on quelling the domestic violence of drug gangs rather than on trying to destroy their ability to produce and ship drugs.

"They're taking money out of interdiction, which is good," said Peter Reuter, director of drug policy research at the Rand Corp. "But they're moving it to an area that I think is even less promising: helping governments that don't want to be helped."

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Other	196
Other	000-490-0105
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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Widen the Haiti Embargo

Standing before the UN General Assembly on Thursday, the deposed president of Haiti, Jean-Bertrand Aristide, passionately argued for a complete trade embargo against his country to force its military rulers to step down and allow him to return to office.

Haiti has a bloody and unfortunate history. It is a country that has never known democracy. U.S. Marines occupied the island in 1915 and stayed for 19 years, responding to an incident in which the Haitian president was dismembered alive in front of the French legation.

So far, despite the fact that he is Haiti's legitimate leader, Father Aristide has made all the concessions, promising that the leaders of the coup that ousted him will suffer no punishment. Meanwhile the generals have had the nerve to ask for the privilege of naming a replacement for Justice Minister Guy Malary, whom they assassinated two weeks ago.

Father Aristide has not asked Americans to risk their lives to insure his return. He does not want an occupying army on Haitian soil. Mr. Clinton can show his resolve by granting Father Aristide's request and supporting the proposal being circulated in the Security Council for a complete trade embargo of Haiti.

Safeguard Nuclear Fuel

In a small but right decision, the Clinton administration has waived environmental rules in order to bring spent fuel from Belgium back to the United States for storage. The sensible handling of this issue draws attention to the vacuum of policy and preparation for similar but much larger issues of disposal of the huge amounts of nuclear waste being sent out of nuclear weapons as they are decommissioned.

Worldwide, the oversight of dangerous nuclear material is being pointedly aggravated by three of America's closest allies — Britain, France and Japan — and their reprocessing plants. Reprocessing means treating the spent fuel from reactors to extract plutonium. That seemed like a good idea years ago, when the world thought it faced a uranium shortage.

Don't Shortchange Africa

Given the state of the U.S. balance sheet, this is not the best time for countries to line up in America's foreign aid queue. But the timing is especially bad for the countries of sub-Saharan Africa, as is evident in the outcome of this year's foreign aid bill.

Such popular recipients as Israel and Egypt found themselves having to make room at the head of the line for the equally popular Russia. As a result, those three got the lion's share of the \$13 billion foreign aid program. Meanwhile, the \$800 million Development Fund for Africa — the primary direct funding source for more than 30 sub-Saharan nations — took a \$16 million cut. Even with that, some private aid experts worry that Africa's worst days as an aid recipient may lie ahead.

Other Comment

China's Tentative Progress

The stabilization program introduced in July by Zhu Rongji, a protégé of Deng Xiaoping, has shown early promise. The biggest accomplishment is to have cooled popular speculation. Industrial output has declined for three consecutive months. The growth rate of broad money is down. Yet other alarms are still ringing. Since the yuan was stabilized after a precipitous midsummer fall, it has merely been steady in the austerity of 1989 is appreciated significantly. The government is predicting a trade deficit of \$10 billion this year, compared with a surplus of \$4 billion in 1992. This is no time for China, its friends or investors to declare victory.

Russia's Imperial Games in the Caucasus

By Melor Sturua

MINNEAPOLIS — After successful campaigns, the Roman emperors paraded the humiliated kings of defeated countries in chains before them. In early October you could see such a procession in Moscow. I don't refer to the defeated defenders of the White House, who capitulated with their hands over their heads. I mean the smiling leaders of Georgia, Armenia and Azerbaijan who appeared before Boris Yeltsin at the Kremlin.

Once considered a paradise, today Georgia is hellish. It was not a newfound love for Moscow; it was a bitter political necessity. But the price of the capitulation was very high, especially for Mr. Shevardnadze.

Against his will, he has been transformed in the eyes of many Georgians from the shining knight defending his country's independence into a reborn proconsul of Moscow. This metamorphosis will eventually bring only intensified civil war and strengthen Mr. Gamsakhurdia's position as the true patriotic leader of Georgia.

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recall Russian troops from the Baltic states or risk losing aid have done nothing to stop the bloody skirmishes in the Caucasus. I have yet to see any official repudiation or even criticism of the cynical policy proclaimed by the Russian foreign minister, Andrei Kozyrev, at the United Nations: "Russia realizes that no international organization or group of states can replace our peacekeeping efforts in this specific post-Soviet space." This is nothing less than an abbreviated version of the Brezhnev doctrine, which asserted Moscow's right to intervene in the former Communist world.

Can Kohl Survive on Shifting Electoral Ground?

By Jochen Thies

BONN — Chancellor Helmut Kohl still lacks confidence of winning the national elections in Germany a year from now and of preserving his coalition with Foreign Minister Klaus Kinkel's Free Democrats. But the first of a series of state and local elections that took place last month in Hamburg has shown that the Kohl team is far from a certain victory. Its demise would have a major impact on Germany's role in the international arena.

Germany is not only going through a deep recession but is facing the challenge of modernizing its industrial base in both the West and East. And it is not clear whether the nation can continue to be competitive in the world marketplace as a welfare state gone out of control.

Germany is not only going through a deep recession but is facing the challenge of modernizing its industrial base in both the West and East. And it is not clear whether the nation can continue to be competitive in the world marketplace as a welfare state gone out of control.

It's 'Take-Charge' Haig Rushing to Forgive Beijing

By A. M. Rosenthal

NEW YORK — How dare the United States do this? Alexander Haig wants to know. How dare the United States "go around telling the rest of the world" that it must live up to American human rights standards? Haig has China in mind.

State Haig told the country that he was "in control" at the White House; Vice President George Bush was in a plane flying to Washington. The Haig team did not sit well, probably because neither Mr. Reagan, Mr. Bush nor Congress had also so decided.

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East Asia Can Manage Its Environment

By Gautam S. Kaji

HONG KONG — East Asia stands out among developing regions for its spectacular economic growth and impressive reduction of poverty. But it also stands out for degradation of air, water, land and biodiversity. If unchecked, this assault on the environment will undo the tremendous progress in human welfare that the region has achieved.

Market-based policies will increase the income flowing to the "owner" of the resource, often the government. This money can be reinvested in the resource itself, particularly in public infrastructure for water and energy, and on improving the quality of air and forests, which are public goods.

Market-based policies will increase the income flowing to the "owner" of the resource, often the government. This money can be reinvested in the resource itself, particularly in public infrastructure for water and energy, and on improving the quality of air and forests, which are public goods.

Rational policies, in the end, save considerably more than they cost.

Environmental problems are exacerbated by population increase, urbanization, industrialization and rising demand for energy and transportation, growth is not the underlying cause. Some problems are actually more easily fixed with economic expansion and higher income. Apart from providing more investment funds for environmental improvement, growth can make companies more willing to comply with laws. Some policies that promote growth are also environmentally sound. An educated population is less tolerant of unsafe water and air.

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When Panic Threatens Democracy

By Richard Cohen

WASHINGTON — I am scared twice over. My first fear is of crime. I live in a city, Washington, where crime is so out of control that the mayor, in desperation, asked permission to call out the National Guard. I can visit another city, New York, where crime is no less menacing. Between the two cities, I have had my car stolen (New York) and been burglarized (Washington), the last occurring while I was at home and, I confess, as scared as I've ever been.

My second fear is of what the fear of crime will produce. We have some worrisome examples of politicians losing their heads. Mayor Sharon Pratt Kelly of Washington called for the cavalry without, it seems, knowing quite what to do once the National Guard is called out. He is just wanted to appear to be doing something. Never mind that the National Guard is up there with the Girl Scouts as an effective crime-fighting organization.

Already, America's fear of drugs and its so-called war against crime has produced an erosion of civil liberties. Cars and other personal property can be seized from those merely accused of a crime. In 1988, the Feds seized a yacht after finding marijuana seeds in a trash can. Drug testing is ubiquitous, and often unrelated to public safety. Relatively petty offenses, some of them pertaining to marijuana, can result in Draconian prison sentences.

Ever since Richard Nixon insisted in 1968 that a little muscle could take care of the crime problem, America has been searching for a magic bullet. It has embraced the triple penalty and stiff sentencing, tripled the jail population in the last 20 years, made war on drugs — all to no avail. It is hard to think of another issue in which there has been a greater failure of political leadership. The public has not been educated. Instead, its fears have been exploited and its prejudices confirmed. This or that politician has offered this or that magic bullet (the death penalty, no parole, more police) when none is a solution. In fact, the solution is not known, not entirely anyway. In the meantime, a rising public panic is snuffing an erosion of civil liberties and threatening the comity that holds America's democracy together.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Spanish Sack

MADRID — Imprudent tactics have proved fatal to General Margallo, Commander-in-Chief of the Spanish Troops at Melilla. He was killed on Saturday morning (Oct. 28) while attempting to leave Fort Calanzan. The official total of the killed and wounded on the side of the Spanish in the fight which began in the neighborhood of the forts of Rostrogordo, Cabreras Altas and Cabreras Bajas on Friday afternoon is 70 killed and 122 wounded, but it is generally thought that the figures are in reality much higher. The Arabs also suffered some severe losses.

1918: Prague Celebrates

PRAGUE — The "Frankfurter Zeitung" published a despatch from the Austrian Ministerial Council, saying that rioting occurred yesterday morning (Oct. 28) in Prague on the arrival of a telegram announcing that Count Andrássy in his Note to President Wil-

son has recognized the existence of a Czechoslovak State. The horses were immediately decorated with the Stars and Stripes. Cries of "Long live Wilson!" were general. The Imperial Eagle, the shields and inscriptions on the public monuments have been torn down, burnt or thrown into the river.

1943: Regency for Italy?

NAPLES — [From our New York edition:] The shelling of both King Victor Emmanuel III and Crown Prince Humbert in favor of a regency for Humbert's six-year-old son, the Prince of Naples, was proposed for Italy today (Oct. 29) as American and British representatives conferred here with a group of foremost Italian political leaders. Benedetto Croce, perhaps the country's most powerful politician for the last 50 years, suggested that a regency for the boy prince, Victor Emmanuel, under Premier Marshal Pietro Badoglio, was the answer to the need for a stronger government than Badoglio now heads.

International Herald Tribune advertisement listing editorial board members: KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER, RICHARD McCLEAN, JOHN VINOCCUR, and others.

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ART

Saturday-Sunday, October 30-31, 1993 Page 6

A Rare Look At Venetian View Painters

By Roderick Conway Morris

LONDON — No history of 18th-century painting could afford to ignore Canaletto and Francesco Guardi, Venice's most outstanding view painters, yet their status was, and remains, ambiguous.

And though subsequently both artists were sought after, the critical establishment was indifferent, if not hostile. John Ruskin, England's leading 19th-century art pundit, conducted a lifelong campaign of (in his words) "determined depreciation" of Canaletto.

Now that these artists' pictures are scattered across the globe — many in private collections — this autumn's three excellent, independently conceived exhibitions in London and Birmingham (of Canaletto) and in Venice (of Guardi) offer a simultaneous gathering of their paintings, drawings and engravings on a scale that is unlikely to be repeated for many years.

Born in 1697, Canaletto first assisted his father, Bernardo Canal, a theatrical scene painter, receiving the nickname "Little Canal" that was to stick for the rest of his life. By his mid-20s, he was painting Venetian scenes, an emerging genre to which he brought an exceptional clarity of vision, sure touch in composition and freshness of color.

He was soon taken up by Joseph Smith, an English merchant and banker who had settled in Venice around 1700. It proved to be an enduring and mutually rewarding artist-patron relationship. Barn was the well-heeled English visitor who left Venice without calling at Smith's palazzo, where the walls were adorned with paintings by Canaletto and others. Smith amassed a huge collection, but by the late 1750s, his business slumped and he was forced to sell his assets.

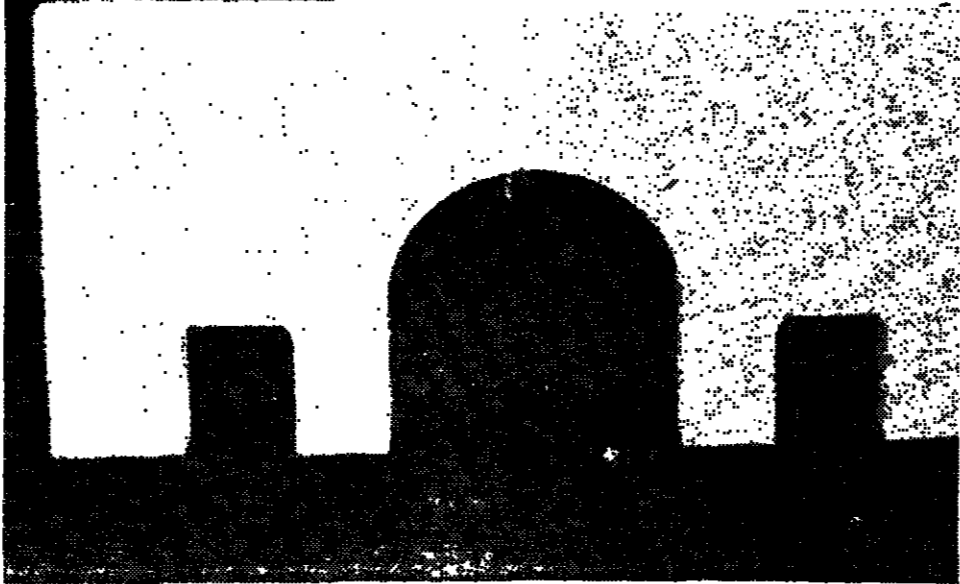
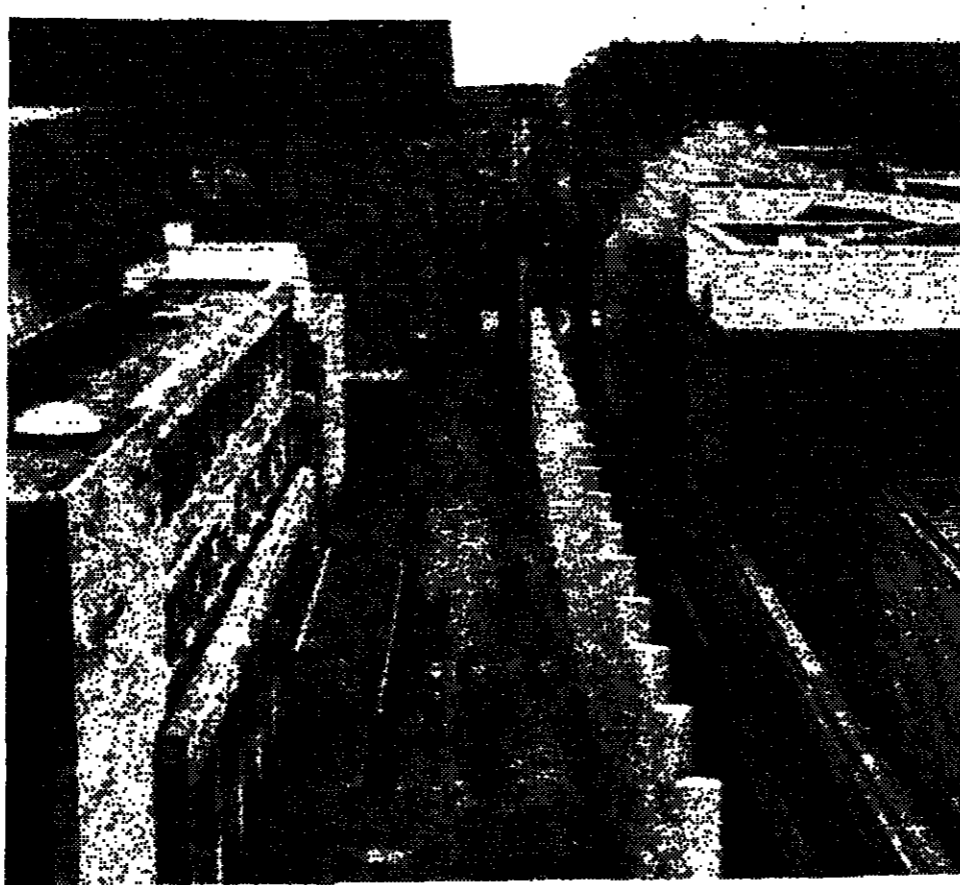
George III had recently ascended the throne and bought Buckingham House, now Buckingham Palace, for his bride, Queen Charlotte. The problem of furnishing this vast edifice was substantially solved by buying Smith out for £20,000. Over a hundred items from this acquisition, including a dozen superb Canaletto paintings and twice that number of drawings and engravings, are on show in the Queen's Gallery at Buckingham Palace in "A King's Purchase: King George III and the Collection of Consul Smith" (until Dec. 23).

In 1746, Canaletto set out for England in search of new vistas. His nine-year stay is brought to life again in "Canaletto & England" (until Jan. 4), at the Gas Hall, attached to Birmingham's Museum and Art Gallery. Canaletto's London views, unequalled in their skill, panache and power of observation, represent the most complete record by one artist of the capital in the 18th century.

GUARDI, who died 200 years ago, is the subject of "Francesco Guardi: Views, Capricci, Festivals" at the Cini Foundation on the island of San Giorgio Maggiore in Venice (until Nov. 21). He was 15 years younger than Canaletto's junior and, inevitably, grew up under his shadow. The Guardi's poverty exacerbated the tendency of the family workshop (headed after their father's death, by Francesco's less talented brother Antonio) to copy to satisfy the demands of the market.

Guardi commanded pathetically low prices for his pictures, and thus, far fewer of them survived. A contemporary called his work spirited but inaccurate, yet, as the drawings and paintings in this show reveals, Guardi was an adept draftsman, and the deviations from reality in his compositions are deliberate.

After the death of his older brother in 1760, Guardi's work takes on a new freedom and expressiveness. The strange, ethereal effects he finally achieved remain, paradoxically even in his "capricci," or imaginary scenes, firmly rooted in the natural world, capturing aspects of Venice and the lagoon that have eluded other artists.



Dani Karavan's "Street of Human Rights" in Nuremberg.

'Street of Human Rights'

Nuremberg Memorial in Many Tongues

By Michael Gibson

NUREMBERG — Geography and history being inseparably intertwined, there was an intense significance to the opening of a "Street of Human Rights," conceived by the Israeli artist Dani Karavan.

This significance hinges upon events that set their indelible mark on Nuremberg in the course of this century. While the Nazi party was holding its annual ritual gathering here in 1935, the Reichstag in Berlin approved two laws, now known as the Nuremberg Laws. The first stripped German Jews of their citizenship. The second set penalties on marriage and sexual relations between Jews and non-Jews.

When the wheel turned, Nazi war criminals were brought to justice here 11 years later. Nuremberg is a thriving modern city, but the weight of the past remains palpable. The city is still saddled with some overseas vestiges of the Nazi era. The Nazis' unfinished New Congress Hall, for instance, which is about the size of the Roman Colosseum, stands in a park to the southeast of the city. It's central yard is used as a car park.

All this and the current wave of xenophobic violence in Germany made the inauguration of the Street of Human Rights on Oct. 24 into something more than an exercise in political correctness.

The venture that led to the creation of this monument began in 1988, when the city of Nuremberg organized a competition for a human rights memorial to be created on Karlsruhergasse, a narrow passage with intense pedestrian traffic running alongside the vast complex of the Germanisches Nationalmuseum.

The museum had recently acquired new space on the far side of the street and work was under way to move the main entrance to this street and to build an underground hall connecting the two sections.

Invitations were sent to such stars as Richard Serra (who declined to participate), Sol LeWitt (who proposed to install an \$85,000 cube), Günter Rambow, Claus Bury and Otto Herbert Hajek, as well as to Karavan.

The project was awarded to Karavan, whose work over the past 30 years has often effectively combined written text with geometric forms.

In his monument in Nuremberg, the narrow street, 200 meters (660 feet) long, is lined with 27 white concrete pillars, eight meters high and 80 centimeters across. Two more pillars that have been "sunk" into the ground (to allow for the passage of service vehicles) are represented by white concrete circles, and another "pillar" is represented by a local variety of oak tree. The street is closed at one end by a gate of the city of Nuremberg. Karavan lent the space greater intimacy by building a section of wall on the other end, with symmetrical doors in it.

Each column is inscribed with the abridged text of one of the 30 articles of the Universal Declaration of Human Rights, in German and in another language. The languages represented were chosen by Karavan with advice from Daniel Jacoby, the president of the International Federation of the Leagues of Human Rights. A plaque explains that they are placed in order of distance from Nuremberg. The last column is inscribed in Spanish, Santiago de Chile being 12,210 kilometers (7,580 miles) away. The first one, at zero kilometers, is inscribed in Yiddish.

The tree, as the plaque beside it states, symbolizes the thousands of other languages of the world — its leaves moving in the wind like so many tongues.

Pedestrians passing through the street on the day after the opening showed interest. Walking in circles round the pillars to read the inscriptions, children pointed out the variety of languages and alphabets while adults spoke to strangers about the monument. The dignitaries attending the opening included Jacoby, the chairman of the event; Daniele Mitterrand, the wife of the French president; and Federico Mayor, the director-general of the United Nations Educational, Scientific and Cultural Organization.

A near freezing drizzle fell for the morning session, but chairs had been set out under sodden parasols and the entire program of speeches, readings and musical performances was run through with grim determination. The VIP audience froze stoically while actors wrapped in overcoats and scarves declaimed the articles of the Declaration of Human Rights in an accusatory tone suggesting that someone in the audience might be planning to infringe one of them on the spot.

A GROUP of women in black, not on the program, stood silently beside the podium holding a banner expressing anger and revulsion at events in the former Yugoslavia. Schoolchildren released a confetti cloud of bright balloons into a colorless sky.

The afternoon session set a quite different tone. It was moving and reminded one that while human rights have become, in the words of a Kurdish participant, a blandly consensual matter and even something of a secular religion, the real issues are far from resolved.

Speakers included Hebe Pastor de Bonafini, the president of the Mothers of Plaza de Mayo in Buenos Aires; Gyaltsen Gyatag, representing the Dalai Lama; Mehdi Zana, the mayor of the Kurdish town of Diyarbakir in Turkey; a Syrian participant, Haytham Manna, and José Ramon-Horta of East Timor.

Jacoby, who pointed out that national chauvinism is resurgent both in Germany and elsewhere, hailed Karavan's monument as a powerful symbol and applauded the city's decision to create a biannual award to be presented on the "Street of Human Rights."

BOOKS

THE WIESENTHAL FILE

By Alan Levy. 463 Pages. \$18.95. Constable Publishers, London.

Reviewed by Mark Kurlansky

THE book arrived with a big red swastika on the cover, over pictures of ugly evil men. In the

background were blurry photos of naked emaciated bodies. The first thing I do with such books is remove the jacket.

But Alan Levy's book seemed to be offering a glimpse into the soul of a man who — already bearing a saber scar from a program endured the worst of the camps — has chosen to spend the rest of his life focused on that horror.

Today, 48 years after the liberation of the camps there are many survivors who spend their time on Holocaust-related activities. Many of these people have learned to face up to their experience in their retirement years. Many passed 20 or more years before they could talk about it. They live in fear of the onslaught of nightmares. I knew of a survivor who could not bear the sight of trains.

But Simon Wiesenthal has made it his life's work, hunting down the monsters who committed the obscenity of the millennium. And the Eichmanns and thousands of lesser figures have spent their days knowing the name Wiesenthal as the man who made their existence at least a little less comfortable. He started this work almost the day he had enough strength to walk out of Mauthausen. When he first went to the War Crimes Office to offer his services he was sent away because he was too emaciated to work.

Unfortunately this book offers only a few such insights. I almost thought we were getting there when he quoted Wiesenthal saying of Mengele, "If I could get this man, my soul would finally be at peace." But the reader is left to pursue Mengele and not Wiesenthal's soul.

Where all these men seemed to be only shadows. Here, at last, is his approach to Wiesenthal is fair minded and critical. But if Wiesenthal's position on Waldheim seemed a little hazy, it is also never really clear what Kurt Waldheim did or did not do. Only that he did not tell the truth about it and he was not a man that should have held high office, let alone served as United Nations secretary-general.

NEW AUTHORS

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You want to know more about this man and how he has been able to live with all this horror all these years. Levy, a journalist who, like Wiesenthal, spent many years based in Vienna, has had a long acquaintance with his subject. We learn that Wiesenthal long agonized over a dying German who wanted to be forgiven by a Jew for the atrocity he had committed.

Wiesenthal refused to forgive him and left him to die. We learn that he opposes the death penalty and though he spent years trying to catch the capture of Adolph Eichmann, he was never certain that he should have been executed.

But the most thought-provoking passages are the descriptions of Raoul Wallenberg's crusade to save Jewish lives in Nazi-occupied Budapest. Suddenly it becomes apparent that the problem with the Holocaust was not that the world produced Eichmanns and Menges and many a Waldheim to go along with it. The problem was that the world failed to produce more Wallenbergs.

Mark Kurlansky is working on a book on postwar European Jewry to be published next year.

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SCARE TACTICS By Alfio Micci

A crossword puzzle grid with clues for Across and Down. Clues include: Across 1: Golf stroke; Down 1: Rich cake; Across 47: dieu (kneeling bench); Down 82: Hindu godman; Across 48: Berber; Down 83: Snapper mo.; Across 49: Pictures - Exhibitions; Down 84: Polynesian wild banana; Across 50: Nancy's man; Down 85: 1/3's cousin; Across 51: Subterfuges; Down 86: Storm; Across 52: Covers; Down 87: Lay; Across 53: Inspirit; Down 88: Jewish prayer; Across 54: Sacred representation; Down 89: Abbr.; Across 55: Steppos; Down 90: "The fields we go..."; Across 56: At hand; Down 91: Psalms word; Across 57: Fool parties; Down 92: Diva Farrell; Across 58: Unweary of; Down 93: Hunter of books; Across 59: Cogs; Down 94: Caribic; Across 60: Bout segment; Down 95: "The Most Happy Line" number; Across 61: Having a handle; Down 96: Loesser; Across 62: Macabre; Down 97: Vaccine supplements; Across 63: Sinker; Down 98: 100 TV's Hazel; Across 64: Persuasive one; Down 99: Ben of "Bonanza"; Across 65: Kind of code; Down 100: jai; Across 66: Phylax's block; Down 101: Surpass; Across 67: French yearly income; Down 102: Basso Pizzo; Across 68: Judge-priest in Rome; Down 103: Draw - on (take aim); Across 69: Yuppik; Down 104: A soil fertilizer; Across 70: Cookbook spot; Down 105: Big boze; Across 71: Bombarde; Down 106: 111; Across 72: Where Greeks met Greeks; Down 107: 112; Across 73: Jovial pal; Down 108: Hearfelt; Across 74: Tax-deferred acct.; Down 109: 1; Across 75: Remark from Sandy; Down 110: 5; Across 76: Do another stretch; Down 111: 6; Across 77: "Lay Dying"; Down 112: 7; Across 78: Lively, to Lalo; Down 113: 8; Across 79: Composer; Down 114: 9; Across 80: Nalan Ryan, once; Down 115: 10; Across 81: Edward Lear volume; Down 116: 11; Across 82: Chopin piece; Down 117: 12; Across 83: Nabokov book; Down 118: 13; Across 84: Native of Barcelona; Down 119: 14; Across 85: Molt; Down 120: 15; Across 86: Forbidden; Down 121: 16; Across 87: Cash dispenser, initially; Down 122: 17; Across 88: Pedro's uncle; Down 123: 18; Across 89: The lot; Down 124: 19; Across 90: Odia's Muse; Down 125: 20; Across 91: Viborg natives; Down 126: 21; Across 92: Coast; Down 127: 22; Across 93: Benedictine; Down 128: 23; Across 94: Orazor; Down 129: 24; Across 95: Jewish prayer; Down 130: 25; Across 96: Sheepish comments; Down 131: 26; Across 97: Landscape; Down 132: 27; Across 98: Memorial soprano; Down 133: 28; Across 99: Short dogs, for; Down 134: 29; Across 100: Mascagni flirt; Down 135: 30; Across 101: Partner of stars; Down 136: 31; Across 102: Averse; Down 137: 32; Across 103: Rose lover; Down 138: 33; Across 104: Stone heaps; Down 139: 34; Across 105: Inadmittant; Down 140: 35; Across 106: Tool; Down 141: 36; Across 107: Yale Bowl refrain word; Down 142: 37; Across 108: Hamlet, to Officer; Down 143: 38; Across 109: Convulsive sigh; Down 144: 39; Across 110: Scenery chewer; Down 145: 40; Across 111: Cry's companion; Down 146: 41; Across 112: 101; Down 147: 42; Across 113: 102; Down 148: 43; Across 114: 103; Down 149: 44; Across 115: 104; Down 150: 45; Across 116: 105; Down 151: 46; 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سكنا من الامم

Arts and Antiques

Connoisseurs Steer Steady Course Amid The Market Storms

LONDON—Is it the hypnotic effect of prolonged concentration? Or is there a timelessness about the single-minded pursuit of a highly specialized category of works of art? As if these were immune from such mundane factors as a shrinking economy, closely defined categories collected by sophisticated and very knowledgeable collectors have been following a steady course, with hardly ever a dip.

This applies equally well to exceedingly rare pieces requiring erudite understanding as well as more traditional, sometimes even homely wares.

The "Ancient Egyptian Glass Inlays," which were sold at Christie's on July 7, definitely fall within the first category. These were glass inserts used among other things on temple furniture. Few have come down to us and most in such fragmentary condition that their success at auction seemed highly uncertain. Yet, as I attended the viewing and watched a few dealers and collectors getting excited, I got a feeling that it would go with a bang.

And, indeed, it was a smashing auction of smashed objects. By the time lot 3, a fragment of a polychrome feminine head with only one side of the face, went up to £7,215, it was clear that Christie's would have few problems.

There were crazy moments. A small rectangular piece of the 1st century B.C. with only one half of a Sellenos mask seemed a bit overpriced at £24,150, more than 250 percent above the high estimate. True, some prices dipped and at the end of the day 34 of 183 lots went unsold. Given the totally fragmentary nature of what remained unsold (for example, a 3-centimeter piece of a formal pattern, bought in at £650 against a £900 to £1,200 estimate), the failures mean little. It was an astounding success.

Some, of course, will argue that no such sale had taken place. Rarity would erase the surface of the recession. Possibly. But no such argument can be invoked concerning ceramics, particularly not British ceramics of a traditional type collected by the English middle class, which has been battered by the recession. Yet, curiously, the more modest sales have been doing extremely well.

This was shown on Aug. 5 at Christie's South Kensington at a difficult moment when many traditional collectors could be assumed to be away from London. Almost everything seemed to sell easily. A Minton Crystal Palace Arts Union charger with a shield indicating that it was made for the Arts Union and an impressed mark corresponding to 1854, sold for £990 right at the beginning. It was followed by a much damaged garden stool of Chinese Ming shape done by George Jones in the 1870s. It sold for £770, while four pieces of the famous monkey tea set by Jones rose to £4,180, courtesy of an English dealer.

And the success story went on, whether the subject was a Derby porcelain cylindrical tankard painted with a landscape in the manner of George Robertson, which sold for £715, or a Rockingham drum-shaped blue ground vase made around 1830, which went up to £1,430. On Sept. 8, Phillips had its first substantial sale in the season and, again, British ceramics fared very well.

This month there was no indication of any change. At Christie's South Kensington on Oct. 14, enthusiasm over Victorian majolica, for example, had not waned. There was another specimen of the majolica garden stool model by George Jones sold in August. It was better preserved and, if anything, too glittering. It soared to £2,400, almost twice the high estimate. A Minton oval seafood dish with the border shaped like a lotus chalice alternately honey and blue, was dated 1864. It made it to £3,520. Rarities went through the roof. A small tankard in Worcester blue and white made around 1755 soared to £3,850, nearly tripling the high estimate.

Pieces in poor condition or utter banalities were failures, but chancy pieces with very low estimates often found a niche, if they were attractive. A pretty Liverpool blue and white sauce dish with a molded pattern and blue sprays, estimated to be worth under £100, due to frittering and a hairline crack, thus sold for £132.

There were some delightful lots to be picked up that day, such as a Worcester blue and white molded cup and saucer made around 1760, which cost its buyer a moderate £176. A charming teabowl and saucer in Lowestoft blue and white porcelain could easily have foundered with its "minor damages." The attraction of its radiating swirling blue bands with blue sprays on the white ground in the intervals rescued it. That also went for £132.

The buyers clearly knew what they were doing and bought without a care. Suddenly, as I watched their obvious pleasure, the reason for the nearly unmitigated success of a modest sale at the lower end of the market became obvious. British ceramics is a field in which there has been no "investment." Speculation never really interfered with the natural balance of this market, in contrast, say, to Italian Renaissance majolica or German Meissen porcelain of the most expensive kind. This is a field still left, in the main, to connoisseurs motivated by love and enjoyment—in short, the only good reasons when buying art.

Souren Melikian

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For Old Masters Enthusiasts, Still Some Discoveries

A bird painting by the 17th-century Dutch master Melchior Hondecoeter, which had hung in a Yorkshire country house for many years, surfaced in New York in 1981 and sold for \$309,000. Recently, it fetched £331,000 at a Christie's sale, as Old Masters treasures loom larger in the art market. Page 10.

In U.S., the Economics of Culture

By Joseph Fitchett

WASHINGTON — The art war that fizzed in American politics in recent years has subsided, apparently smothered by a new national mood focused on the economy. Suddenly, "the arts" are turning up in dollars-and-cents discussions about jobs and exports, about Hollywood and trade talks — not in polemics about pornography and censorship. Even the bugaboo of government-subsidized art seems to scare fewer people.

"Art is no luxury," proclaimed a recent New York Times editorial, explaining that cultural attractions generated \$10 billion in business last year in a city strapped for cash.

"It means jobs, lots of them, for New Yorkers — and tax revenues," the paper emphasized, urging a reversal of plans to gut the state's subsidy to the arts, halved in the last three years to \$25 million.

Now that the smoke has cleared from the Bush administration's battles over culture budgets, it seems clear that American opinion broadly supports federal funding for the arts, apparently without worrying overly much about the risks of some support going to works that are offensive or just plain bad.

According to a Harris poll just after President Bill Clinton's inauguration, 60 percent of Americans favor national subsidies for the arts and 80 percent think that "the arts need to operate freely with a minimum of government control."

Amid the more businesslike American approach to the arts, polemics have not died out, but the harangues about public morality in the museum have given way to a healthier question: What should qualify for the status of

Paris Auction Market Gets Its Art Together

2 Experts Operate a Quiet Revolution By Pooling Works for Presale Display

By Souren Melikian

PARIS — The French auction system is at last finding a partial cure for its fundamental ailment, the dispersal of merchandise for sale among a multitude of auction offices with little or no effort at coordinating. In the last few years there has been a dramatic improvement where Old Master drawings and Old Master paintings are concerned. Credit for this goes first and foremost to two experts in these respective fields, Bruno de Baysier and Eric Turquin. The change has gone unnoticed in the media but it is having a tremendous commercial impact in these specific markets.

Bruno de Baysier is one of those connoisseurs who were virtually born into the field. His father, a collector turned dealer after he was ruined by the 1929 crash, instilled in him an early love of drawings. In 1964, he joined his mother, who was running the Galerie de Baysier after his father's death in an accident, and when she retired, in 1972, he took over, with his wife, Thérèse, as a partner. One day in December 1978, he was called in as an expert to assist the auctioneer Daniel Bosccher at a Drouot sale, and gradually became more involved.

Armed with a vast knowledge, affable, absolutely straightforward in business, De Baysier became popular among foreign collectors and dealers. He struck up a great friendship, for example, with the late Ian Woodner of New York, a high-profile drawings fan who bought a lot through De Baysier. Impressed, Paris auctioneers took up his suggestion to send a few drawings long before the sale to be displayed in the very grand premises of the Galerie Bruno de Baysier, which takes up the entire first floor of a magnificent Louis XIV-period townhouse at 69 Rue Sainte-Anne.

It is at that point that Eric Turquin's story interconnects with De Baysier's career. Turquin was born in 1952 into a family of well-to-do landowners in northern France. He studied law, graduated from the Ecole du Louvre, passed the Paris auctioneers' exam and decided that the cost of buying an auctioneer's tenure was not worth it. Turquin then spent two years with Paul Touzet, a dealer in Old Masters who

had turned into a full-time Drouot expert. "He taught me everything," Turquin tersely says.

The next step was Sotheby's, which he joined in September 1979 as a cataloguer of Old Masters and left in 1987 as head of the London Old Masters department. The expert returned to Paris, where De Baysier offered him the run of his own premises. The year after, Turquin rented the ground floor at 69 Rue Sainte-Anne, which had become available. Soon, he had very little time for dealing and became the expert to whom a majority chose to turn for advice. Turquin was internationally known to collectors, curators and dealers. With his reputation and fantastic address book, he made a very significant difference to almost any sale of substance he handled.

Then a third factor intervened. In 1989, the president of the Paris Chamber of Auctioneers, Joël-Marie Millon, and the secretary-general of the Hôtel Drouot, Patrice Ziegler, turned to a firm of American attorneys, Jones, Day, Reavis & Pogue, for a general review of the Drouot system. This included an audit, which was entrusted to Jean-Pierre Weiller Consolis. I was called in as the art market consultant by the lawyer who led the review, James Lightbourn, now a senior partner of Hughes, Hubbard & Reed. All the auctioneers who agreed were interviewed, as were the experts. Many ideas were exchanged. A bulky report was eventually submitted and a number of basic reforms suggested. At the heart of my recommendations lay the necessity of pooling works of art for sale and making them easily accessible — and known — to potential buyers long before the projected auctions.

IN the year that followed, Old Master drawings and paintings were sent with increasing frequency to De Baysier and Turquin, not just for expert analysis but also for prolonged display on their premises, often for several weeks. Turquin reckons that he now handles 90 percent of the Old Masters at Drouot. He has little time for dealing. For De Baysier, whose dealing activity goes on in part thanks to his wife and partner, the proportion is "over 75 percent."

At any one time, substantial numbers of

Continued on page 9

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Arts and Antiques / A Special Report

China's Artists Collect Near the Collectors

By Kevin Murphy

SHENZHEN, China — Hostage to noisy traffic jams and round-the-clock concrete pours, southern China's biggest boom town, Shenzhen, is hardly a place for artistic contemplation.

The fishing village turned city of 3 million in 15 years is better known for sweatshop manufacturing and freewheeling business, but Shenzhen has become home to a number of Chinese artists trying to crack a cross-border market for their work.

Drawn by the city's proximity to Hong Kong, a 45-minute train ride to the British colony's downtown galleries, artists like Shanghai-born Wang Da Lin have migrated from various cities in China.

For many who cannot obtain exit visas or passports from their government, Shenzhen is as close as they can get to an expanding body of contemporary Chinese oils collectors.

As a hotbed of China's economic reform, Shenzhen also offers artists a chance to make some fast money to support themselves while developing their careers.

"A lot of artists have come because there is much more opportunity here," said Wang, a self-taught artist who juggles his painting with a job at the Shenzhen Art Museum, where he is art director.

"But after coming to Shenzhen, people find business activities are not really mixing with art careers," said Wang, who favors Van Gogh-inspired still-lives. "Some forget about their art and concentrate on making money instead."

Surviving as an artist in China's new market-oriented economy is not easy despite a surge in appreciation of contemporary art abroad and the emerging signs of a domestic market expected to snowball with China's increasing private wealth.

State subsidies for artists are disappearing and the famous academies where artists once spent their careers have trimmed budgets and been forced to support themselves through commercial endeavor. At the same time, greater societal freedoms and the improved chances of commercial success have encouraged hundreds of young artists to seek professional careers.

"We're seeing a flood of painters and paintings in the market,

but more quantity than quality," said Alice King, whose Alison Gallery in Hong Kong represents Wang. "These days many people want to paint and sell as much as possible."

The patronage of Hong Kong's upwardly mobile, Western-educated "chuppies," eager to spend new riches creamed off the colony's staggering rise as an international trade and finance center, has offered many mainland Chi-

"The market still needs to sort itself out," said Manfred Schoeni, of Schoeni Fine Oriental Art in Hong Kong. "Certain artists are starting to become established, but with all the new work out there, it's difficult for many collectors to find their way through it all."

Schoeni, whose gallery is working closely with eight mainland artists, estimates there are anywhere from 5,000 to 10,000 professional painters working in China now. Of that number, he said only 20 are "established" and another 50 out there who "might find their way."

Schoeni and others trying to develop the contemporary Chinese painting market on an international scale worry that the preoccupation with immediate commercial success in the art market is proving too much of a distraction for all but the most dedicated artists.

"Suddenly, all the artists have catalogs and they're worried about how their prices compare," said Schoeni. "The younger artists understand, they don't care so much about selling, they care about showing their work. They know their time will come."

"But many of the older artists are less patient," said Schoeni, who advises the artists he supports to sequester themselves in remote areas and towns to concentrate on their work rather than worry about business.

With a committed supporter in Alison Gallery and his position at the Shenzhen Art Museum, Wang considers himself one of China's luckier artists.

"I'm not a commercial artist," said Wang, who was born in Shanghai in 1948 but did not start painting until he was 34 and then with limited formal study. "I'm not under pressure to sell."

KEVIN MURPHY reports from Hong Kong for the International Herald Tribune.

Artists are drawn to Shenzhen by its proximity to Hong Kong

ese artists an opportunity to sell their work.

"When the stock market is up, it helps," said Meo-seen Loong, managing director of Sotheby's Hong Kong Ltd. of a record-breaking run in the local stock market that is coinciding with a rash of art auctions in late October and early November. "Everyone thinks they can afford to spend a little more money."

While Hong Kong dealers say there is a painter for every taste among the legion of new would-be exhibitors from mainland China, a general feeling exists among them that the whole contemporary Chinese oil painting scene needs to settle down before it can mature.

"It's a good time to be a buyer," said Maria Chu, head of Sotheby's Chinese painting division in Asia, of an auction schedule that may see 1,500 old and contemporary watercolors and oils come to the market. "I'd say the prices of all but a few of them have been revised downward."



Altar-step panel by the 14th-century artist Pacino di Bonaguada, which was sold in Paris to a Turin collector.

Auction Market Gets Its Art Together

Continued from page 7

paintings and drawings, mostly from private owners, often unrecorded or lost sight of long ago, are on view.

When I went to the Galerie Eric Turquin on Oct. 8, I saw a view of the Amsterdam harbor by the Dutch artist Regnier Nooms, known as *Zeezicht*. Signed and dated 1654, it was sold on Oct. 24 at Doullens in Picardy by Denis Herbet for a world record 1.9 million francs. The picture is virtually in mint condition — it was refined in the 19th century at a time, Turquin notes crisply, "when they knew how to refine a picture."

There was also a pair of very good seaside views attributed to Alexandre Noël (1752-1834), a follower of Joseph Vernet, and a "Saint Christopher" carrying the infant Jesus on his shoulder as he crosses the River Jordan by the artist Giuseppe Leonardo (1605-1656).

On that visit, I also glanced at two pictures to be sold at La Rochelle on Nov. 20 by Dominique Priolland. They can be seen at Turquin's until Nov. 16. One is "The Rape of Lucretia," done by Willem van Mieris, and the other a still-life by Evert Colliers done in the 1680s.

Among the pictures due to be auctioned in Paris later, the rarest is probably a view of the Brazilian city of Olinda done around 1650 by Frans Post. It will be at Turquin's until Dec. 10 before leaving to be sold by Jacques Tajan at Drouot on Dec. 15. That same sale will include a Canaletto, "The Return of the Bucentauro Arriving at the Doge's Palace on Ascension Day," done around 1731-1732. Submitted directly to Turquin by a private owner, it is estimated by



Eric Turquin



Bruno De Baysier

him to be worth 25 million to 30 million francs.

The system is nothing short of a revolution for Drouot. A few auctioneers in Paris are still loath to entrust their pictures to Turquin lest he should get too much credit by sheer virtue of being seen with the works. Provincial auctioneers, on the other hand, see the huge advantage of the system for them. Indeed, it is paying dividends for all concerned, month after month.

Interesting art-historical discoveries are made. On July 12, 1992, the auctioneer Jacqueline Cousin was selling a preliminary study for "Jesus and the Woman from Samaria at the Well." The location was the auction house at Les Andelys, in Normandy, where few would have seen it and fewer still recognized it had Cousin not been inspired enough to bring it to Turquin. It took the expert a week to connect it with the fully finished picture by François Lemoyne, which was painted in 1720 for the Sens Cathedral and has now been transferred to the Sens Municipal Museum. The preliminary study caught the eye of the curator of the museum while it was at Turquin's. He acquired it for his institution for 91,000 francs. Five months lat-

er, on Dec. 11, 1992, a small Florentine Primitive of the 14th century was sold at Drouot for 705,308 francs. Alain Godéau, of the Audap, Solanet, Godéau-Velliet Paris group, had submitted the panel to Turquin, who found that it is part of a dispersed *predella* (altar-step) by Pacino di Bonaguada. It was executed around 1330 for the Chiesa di San Procolo in Florence. Displayed at Turquin's for weeks, it was seen by a Turin collector, who was the successful bidder. Had it been auctioned as an anonymous 14th-century panel at Drouot, it might have gone for a seventh of the price.

THERE are dozens of similar examples. In short, Turquin has drastically changed the name of the game where the Old Masters auctions are concerned. De Baysier has done even more. It is easy for international buyers to miss a drawing in black pencil, even if it is accurately identified, when lost in one of those many slim Drouot-style catalogues listing everything from a few prints to Louis XV chairs. If the drawing is sold outside Paris, it has little chance indeed of attracting international attention. De Baysier's increasingly large role has changed all that.

On April 25 this year, Philippe Rouillac was selling 56 sundry lots at the Château de Cheverny, a famous Renaissance chateau on the Loire. There was just one

drawing. It shows, as the lengthy French inscription on the back starts, "Camillus Besiegling the City of Veles in Etruria . . ." and was exhibited at the Salon in 1771. De Baysier easily identified it as the work of Augustin Pajon, a renowned sculptor. The expert had it on view in his gallery during most of April. In the event, a French collector went for it, outbidding a New Yorker to the tune of 209,800 francs. Both saw it in the Galerie De Baysier. Otherwise, they would not have been aware of its existence.

On June 2, "Drouot Estimations," the auctioneering group set up to handle works submitted directly to Drouot for expert advice, sold 30 drawings in an auction that ran to 164 lots. They included a study of undergrowth in pastel, dated 1855, unsigned but clearly by Eugene Delacroix. Eugene Thaw, the great New Yorker dealer who is also a collector of 19th-century drawings, saw it at De Baysier's when he came to Paris for the opening of the exhibition of 18th-century drawings from the Pierpont Morgan Library. He is reported to have bought it through New York dealer Bob Habold, who got it for 104,000 francs.

Two weeks later, on June 18, a remarkable discovery authenticated by De Baysier turned up at Drouot. The drawing in black pencil on vellum is a portrait of the engraver Louis Boucher-Desroyers, done by Ingres in 1825. This was submitted to De Baysier by the group Audap, Solanet, Godéau-Velliet. Considered by a descendant of the artist, it was hitherto unrecorded. If it was the object of such intense competition, this is only because international buyers were in a position to see it at De Baysier's, where it was on view throughout May. The Ingres eventually sold for a huge 3,065,860 francs, paid by Hazlitt, Goodden & Fox, of London.

Here, examples can be added by the dozen. From March 30 to July 1 this year, De Baysier performed as an expert at three auctions organized by the groups Audap, Solanet, Godéau-Velliet, Ader-Tajan, and Paul Renaud. These alone added up to 773 drawings. In addition, 15 auctions of mixed items held by various auctioneers included altogether more than 150 drawings. Examined by De Baysier, displayed at his premises where feasible, and whenever they had any merit, all these were handled at least as well as they would have been at Sotheby's or Christie's.

Both Turquin and De Baysier personally answer questions and give detailed reports when needed. They cut out the red tape now plaguing Sotheby's and Christie's, and probably ensure greater confidentiality. If the system can be generalized, the French market could make a huge leap forward.

SOUREN MELLIKIAN is art editor of the International Herald Tribune.

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Arts and Antiques / A Special Report

Sales of Impressionists and Moderns Show the Picture Is Rosy Again

By Souren Melikian

LONDON — The market for Impressionist and Modern Masters is alive and kicking once again. But it is a different world from the scene of the late 1980s, and a healthier one.

The first intimation that a new balance was being struck came in New York last fall. Some world records were even set — two days in a row, actually — and with the same artist, Matisse. Last November, the portrait of a woman done in colors laid flat within broad contours like some poster, soared to \$11 million. The dealers, the media and, needless to say, Sotheby's staff, were ecstatic. The next day, it was Christie's turn to be jubilant. "Harmony in Yellow," a far more powerful painting incorporating the Fauve heritage, shot up to \$14.52 million. The Matisse show, which was on at the time, may have helped in this particular case, but big money was also spent on other artists.

Christie's had one of the most wonderful large-size paintings of lilies in a pond ever done by Monet. Dated 1919, its subtle composition rests essentially in color balance. It is a far cry from the half-finished, wily, waxy drab expanses of ill-defined blues and greens that have been sighted on the market in the last few years. It fully deserved the \$12.1 million that its unnamed buyer had to pay.

If success had stopped at a few very spectacular, very large paintings, it would hardly have signaled a true market revival.

More significant, perhaps, was the response elicited by a few small games. One of these included in Sotheby's sale was the preparatory sketch in oils for the portrait of a little girl, the painter's own niece, whom he saw during his stay in New Orleans in 1872-1873. Seen three-quarters from the back, she wears a white frock with a big black velvet knot. Charming and



Cézanne's "Le Bassin du Jas de Bouffan," sold by Christie's for £1.4 million.

superbly done, the small thing (a mere 27.3-by-22 centimeters, or 10 7/8-by-8 1/2 inches), sold well at \$550,000.

Successes such as this seemed to suggest that true connoisseurship was now running the show. The mediocre scores of mediocre paintings rather bore out this view, as witness, for example, a second-rate Caillebotte, sold below the estimate for \$715,000.

Three weeks later in London, the late fall sales at Christie's on Nov. 30 and Sotheby's on Dec. 1 fully endorsed this interpretation, while leaving no doubt whatsoever that the market recovery was well under way. Christie's was particularly interesting for the evidence it provided of the high degree of so-

phistication displayed by the new buyers. A small group of paintings from the collection of Auguste Pellerin, which was formed in the main in the first two decades of this century, had been hyped to death.

Unimpressed, those attending drew a distinction between those works that justified competition, such as a highly elaborate study for one of the characters in "Les Joueurs de Cartes," which went up to an impressive £3.52 million, and those that were marvelous but had a very narrow market by virtue of their austere if bold handling. A superb view of the pond at Cézanne's house, "Le Jas de Bouffan," too stern to appeal to many, sold on a £1.4 million bid

matching the reserve. Whoever bought it does not just know about painting; he also knows how to work the system, i.e., not to overpay.

At Sotheby's the day after, one got the feeling again that a new breed (or, perhaps, one should say the old breed) of savvy players, aware of what they buy and how they buy it, was in the ring. One of the greatest Daumier studies in pen and wash seen in years soared to £297,000. "Avant l'audience: l'avocat et son client" would not have done better in the good old days when Armand Hammer was bagging any good Daumier in the office. An elaborate study of a young boy in a sailor suit by Egon Schiele, as good as any that the

Austrian artist ever did, made £429,000, an enormous price in its category. Every school thus seemed to do well, as long as the work offered was sublime.

But here as before, hype, overestimation or, worse, both at once, immediately elicited rebuttal. An abstract painting by Kandinsky, "Sketch 1" for "Composition VII," which was done in these days as the first true manifesto of the artist's militant Abstractionism, had been consigned by the Museum of Modern Art to Sotheby's. Its importance to art history, matched by such a glamorous provenance ("straight from the MOMA" sounds good), propelled it to £5.5 million. It might have made more if suggestions of extravagant estimates had not been floated shortly before the sale.

The next jump was made in New York during the usual mid-year sales. Great pictures made prices that were positively dizzying. One of the most beautiful still-lives by Cézanne was up for sale at Sotheby's on May 11. The consigner, as all insiders knew, was a very great Greek collector living in Geneva, which added further to its appeal. This is reflected in the phenomenal \$28.8 million it cost that day. Next in rarity came the portrait of a Moroccan woman by Matisse. It could hardly have done better at any time than the \$14.3 million it climbed to.

If observers did not fully take in the extent of the recovery, this was because a string of mediocrities failed to make the grade. A realistic landscape painted by Monet in 1864, when the future Impressionist had barely mastered his craft, crashed at \$230,000. It never really stood a chance.

The day after, Christie's, learning its lesson from Sotheby's problems, displayed greater flexibility. A Pissarro, a Degas, a Renoir, all best forgotten in the interests of Impressionism in particular and art in general, were allowed to go well below the low estimates. Here, the personality of Christopher Burge played its part. Burge, who was conducting the sale, has

the advantage of being one of the auction world's leading experts in the field. He is well-acquainted with its actors and understands their motivations. He has a precise sense of which work is so weak that to try and push it would be a futile exercise. He also knows how to extract an extra bid or two. A pastel by Degas thus soared, miraculously, to \$6.72 million. Russian dancers are seen in clumsy postures as if they were frantically scratching their heads. More remarkably still, a very large seaside view painted by Monet in 1868 in dark palette and a somber realistic manner, not remotely suggestive of the Impressionist manner he was shortly to develop, made \$9,682,500. Clever as its execution may be, it is atypical.

Its success proves the hunger of the market for anything that associates quality and a great name.

The late June sales in London confirmed that anything plausible now sells if offered with an estimate that makes sense. Prices, while lower than at the height of the early 1990 shopping frenzy, are nevertheless very high. Renoir's portrait of a young woman holding a basket of flowers, which was sold at Christie's on June 21, is reminiscent of German blue-eyed dolls made at the turn of the century. At £5.7 million, it is not exactly a giveaway.

The moment a picture of supremely good quality, no matter in which style, comes up, new records are set. At Sotheby's on June 21, a very rare and remarkable painting in oils by Daumier, showing a washerwoman walking with her child, set a new record for the artist at £1.65 million. So did a Surrealist picture by Paul Delvaux that brought £1,013,500.

More revealingly still, top quality in a minor financial league also elicits enthusiastic reactions. A time capsule surfaced in Sotheby's sale in the form of a group of paintings and drawings once owned by a descendant of the famous dealer of Impressionism, Paul Durand-Ruel. They all sold quite well, not for the sake of the name but because they

were so good and so fresh to the market. "Femme à l'Ombrelle," a ravishing drawing by Monet, was commissioned to the artist by Durand-Ruel, who wanted a reproduction of the famous painting of 1886 for an art journal.

The drawing vibrates with life. It sold for £333,500, despite the common prejudice against drawings made "after" a painting rather than as a preliminary study.

The latest news is better still. On Oct. 13, Sotheby's held a sale of all the knick-knacks from important and not-so-important estates that

have to be disposed of. A lovely but very small view of Rouen in the distance seen from the Mont Gargan, which was done by Stanislas Lépine in the late 1870s, could easily have foundered. It harks back to earlier pre-Impressionist days. If it made £12,100, this can only be thanks to some true connoisseur whose eye was caught by the Corot-like light, the delicate coloristic touches and the atmospheric subtlety.

No speculation can be suspected here. This is the ultimate symbol of a sound market.

U.S. Discovers the Economics of Culture

Continued from page 7

"art." Or, phrased in its more common form, what is "not art" and therefore disoriented to cultural consideration?

As the prime source of "not art" critics have targeted the vogue for works, including performance art, that stress political correctness, the new morality of the American left, often without any recognizable aesthetic strategy.

Robert Hughes, the respected art critic at Time, led the savaging of a Whitney Museum exhibition of contemporary American art this summer that was widely denounced as an uninspired immersion course in the problems of marginality and victims. Instead of presenting artists as gifted stars, Hughes wrote, the didactic show extolled non-artists who function simply as "witnesses to a world made had for blacks, Latinos, gays, lesbians and women in general."

Similarly, the "not art" charge has replaced the accusations of pornography that used to be the favorite hostile epithet for a performance artist like Karen Finley, who has scandalized audiences by manhandling with the public nude except for edible patches of chocolate-and-alfalfa paste on some parts of her body.

At this juncture, President Clinton's choice as the new head of the National Endowment for the Arts seemed quite apt: Jane Alexander, 53, a respected, successful actress with 30 years' experience on stage, screen and television. By appointing a working artist, not a politician or an apparition from the arts-funding bureaucracy, President Clinton reassured conservative critics. They expect her, as a professional practitioner, to recognize "not art" and deny it taxpayer funding.

Alexander's arrival coincided with a widely discussed "60 Minutes" report on CBS television entitled "Yes — but is it art?" The program pronounced much of the most acclaimed current work to be "worthless junk."

As she started work this month, Alexander also struck a new, down-to-earth tone in her approach to steering the NEA onto a calmer course aimed at protecting its congressional funding. Vowing to end what she called the NEA's mistake of letting itself be defined by its critics, Alexander said that she intended to "get out the message to each community in America how the endowment has impacted on their community."

Despite the furor around conservatives' attacks on the NEA for funding allegedly subversive art,

all but a tiny fraction of its grants go to what can only be described as preservation of mainstream, even traditional, arts. Typical recipients are city orchestras, small town ballet troupes, theaters performing classics in repertory.

In its nearly 25 years of existence, the endowment has made almost 100,000 grants, yet it remains one of the smallest federal agencies. Its current appropriation of around \$175 million amounts to less than two-hundredths of 1 percent of the federal budget.

The NEA became a lightning rod for national controversy early in the Bush administration when the Corcoran Gallery, an NEA-funded museum in Washington, canceled a show of Robert Mapplethorpe photographs, apparently because the director feared that

conservative politicians would be irate at the material.

Reacting to the ensuing culture war, the White House found a new man to head the NEA: John Frohnmayer, a socially prominent Oregon attorney, who was billed as coming from "the West," notionally more populist than the elitist East Coast establishment.

Once in office, however, Frohnmayer seemed to undergo a conversion to the idea that the NEA should support all projects claiming to be on the cutting edge, no matter how shrilly conservatives denounced them. He was eventually fired by Bush.

JOSEPH FITCHETT is on the staff of the International Herald Tribune.

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Old Masters: The Surprise Element

By Souren Melikian

LONDON—Slowly, but irresistibly, Old Masters are looting larger and larger in the art market. As the great works of Impressionism and the avant-garde movements that came in its wake gradually vanish from the scene, swallowed up by museums and foundations, collecting late 19th- and early 20th-century masters slowly loses its appeal. High-quality pictures now only appear at very wide intervals and the middle range has become exorbitant.

By contrast, the many schools of the past are still represented by tens of thousands of paintings in private possession. Discovery remains plausible.

The surprise element gives every good Old Masters sale a spice that is sorely lacking in Impressionist and Modern Masters auctions. Last December, Christie's could boast, among other things included in its London sale, an early "Entombment" by Rubens. It had been lost sight of since it was sold in Brussels in 1921. Believed to have been executed around 1616-17, the religious scene highlights the debt of the artist to the Northern Caravaggian movement. Connoisseurs were intrigued and attracted. One of them ran it up to £1,045 million. This was more than the £600,000 to £800,000 Christie's hoped to get, but by the standards of the Impressionist market it is peanuts—\$3 million would get you only a third-rate Monet.

Those who cannot ascend to such financial heights had the choice of indulging in another discovery. Pietro Antonio Rotari (1707-1762) is a charming painter born in Verona who worked in his hometown before moving to Germanic capitals—Vienna, Dresden—where he lived between 1749 and

1756. At that point, he left for Russia and spent the last six years of his life there. A small masterpiece of his shows a young girl holding up a muff with which she protects her nose and mouth from the icy wind. Unpublished and indeed hitherto unrecorded, it was found irresistibly by experienced dealers themselves. Agnew's bought that one for £52,800, 250 percent above Christie's high estimate.

In the latest important sale at Christie's, London, on July 9, discoveries continued. An absolutely wonderful Italianate landscape by the Dutch painter Jan Both turned up out of the blue. Mentioned once in academic literature, but never illustrated, it was a superb buy at £177,500. And the list goes on.

It must be added that buyers have gradually been awakening to the potential of Old Masters in the last decade or so. When a remarkable "Crucifixion," by no less a star than Tintoretto, was consigned to Sotheby's for sale in November 1970 by the Portsmouth Roman Catholic Diocesan Trustees, it made a modest £5,000. Five years later, interest was mildly keener. In July 1975, the "Crucifixion" made £15,000, again at Sotheby's. Last July, there was a marked quantitative leap: The price was £32,500.

Museums are vividly aware that Old Masters represent one of the few areas where opportunities lurk around the corner. Some institutions are better than others at that game. Standing head and shoulders above the fray is the Kimbell Museum of Art in Fort Worth, Texas. In the last quarter of a century, it has built a most impressive collection. Last January, the museum lived up to its reputation when a sensational picture came up at Sotheby's, New York.

The portrait of a man painted on a wood panel is as wonderful as

it is intriguing. No doubt remains concerning the identity of the sitter, whose name is given in an inscription written at the top in beautiful Gothic lettering. He is Jakob Hobrecht, famous in his time as a composer who lived in Flanders. That would point to a Flemish provenance prior to 1505, when the composer died, were it not for the handling of the face, alive and alert, its bright eyes make it quite unlike the characters of 15th-century Bruges and Ghent absorbed in religious meditation. There is a French feel to it, making one wonder whether the source is not to be sought in some place where Flanders and France met.

This is one of the few areas where opportunities lurk around the corner.

Perhaps the court of Charles the Bold, in Burgundy? Enhancing the mystery, the color effect achieved in the picture irresistibly calls to mind the drawings of Dürer and his circle. Thin streaks of white indicate the folds on the dark blackish blue of the dress.

Most institutions like to play it safe. They would shun beauty surrounded by question marks. Buying as a high-powered private collector might, the Kimbell added to its rich holdings this masterpiece, in mint condition except for very minor scratches, at a cost of only \$2.2 million. True, this was triple the estimate, but only because estimates had been given according to category rather than to intrinsic quality. Indeed, no auction-house expert could have reasonably taken the risk of putting a higher value on an anonymous work that falls outside the pattern of instantly identifiable artists or schools.

For a variety of reasons, the field is likely to remain open to talented art hunters for a while. Great connoisseurs of Old Master paintings are few among present-day collectors. It takes a different kind of knowledge from 19th- and 20th-century art, wider in its scope and more difficult to acquire. A gifted collector could conceivably boss up on, say, Monet, by going around half a dozen museums worldwide and buying the catalogue raisonné, and detailed studies relating to the artist's oeuvre. This is not possible for, taking examples at random, such well-known masters as the

Dutch landscapist Jan Both, the Dutch bird painter Melchior Hondcoeter, or the Venetian Francesco Guardi. Their oeuvre is scattered the world over.

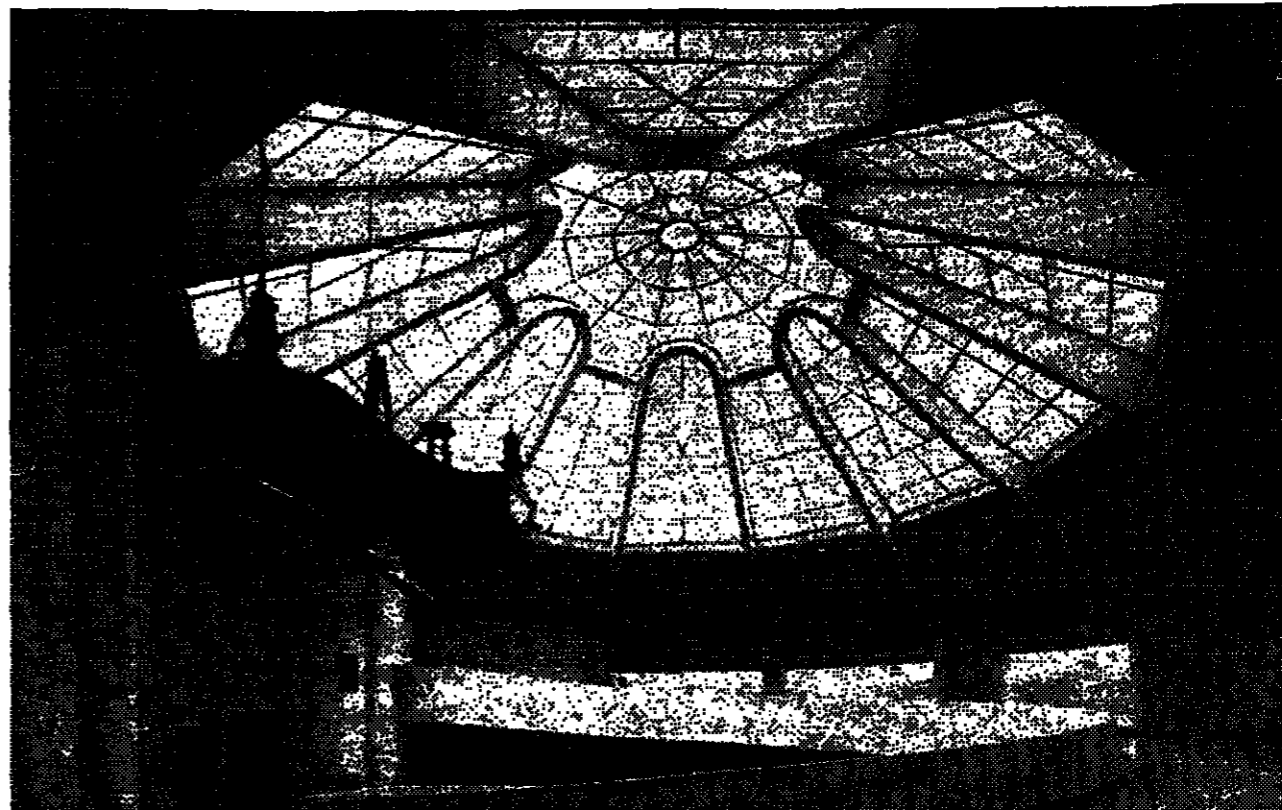
Even those pictures that are not actually unrecorded can remain virtually unknown. On July 9, one of the most impressive Hondcoeters I remember seeing turned up at Christie's. The birds in it are not just strewn about in a decorative manner. They have the presence of human beings and are arranged in the beautiful setting of a park. It all has a perfectly surreal feeling.

The picture surfaced in New York in a Christie's sale in June 1981, and sold for \$309,000. Apart from the 1981 and 1993 sale catalogues printed by Christie's, it has never been illustrated. Fully signed, the large, well-preserved painting, as impressive as ever, sold on July 9 for £31,500. It was one of the past season's clever buys.

In the same Christie's sale, a masterpiece of Italian portrait painting in the 16th century came up under the denomination "Domenico Riccio, called Brusasorci (c. 1516-1567)." Christie's experts note in the catalogue that it was sold at Lamperz in Cologne in 1935 as a Paris Bordone. When offered at Christie's in London in 1947, it was called a Veronese, echoing the views of L. Vertova and B. Berenson. The current Brusasorci label is due to Roger Reanick. There is now a catalogue raisonné for Vermeer (T. Fignatelli and F. Pedrocchi), but still none for Brusasorci, about whom studies are scattered in learned journals.

When looking at such a picture, the potential buyer is left to his own resources—his eye, his visual memory. A Venetian lady standing full-length is seen in stately attire, her hand dangling at a little dog perched on a chair that looks up enquiringly. The expression on the face is watchful, self-controlled, impenetrable. The portrait is in the grand Veronese tradition, whoever did it was an accomplished master. Estimated to be worth \$15,000 to \$20,000, it climbed to \$30,000 (\$34,500 with premium) paid by Julian Agnew.

The connoisseur dealer, highly Italianate in his inclinations, as are many educated Britons with a traditional background, could not resist the lure of this "uncommercial" painting. Even with the dealer's profit added to it, the portrait is unlikely to be resold at a madly high price. Such are the great attractions of an area where only those with a highly trained eye can tread without peril.



Rebecca Horn's sculptural installation "Concert for Anarchy" at the Guggenheim Museum.

German Artists Find a Forum in N.Y.

By Dana Micucci

NEW YORK — The New York art world has taken on a distinctly German flavor over the past several months, with major museum exhibitions devoted to contemporary German artists, the establishment of several new galleries by young German dealers, and the opening of a *Kunsthalle*.

Last spring, the Museum of Modern Art presented the first American retrospective of the drawings of Joseph Beuys, one of the most influential artists of this century, while the Guggenheim Museum held important exhibitions of works by contemporary German photographers, the installation artist Lothar Baumgarten, and sculptor and performance artist Rebecca Horn.

The recent focus on German art was spurred by the discovery here in the early '80s of German Neo-Expressionists such as Anselm Kiefer and Georg Baselitz, according to Diane Waldman, Guggenheim deputy director and senior curator.

"The Neo-Expressionists were given a lot of exposure at the Venice Biennale a decade ago, and they just took off from there," said Waldman, who is curating a 1995

Baselitz retrospective for the Guggenheim. "Some New York galleries saw this new trend, which represented a break from Minimalism, and began showing more German artists. At that time, people were becoming interested in figurative art again and a painterly type of expression."

Also fueling American interest in German art was last year's Documenta exhibition in Kassel, which focused a lot of attention on Beuys.

"Beuys's preeminence has helped more contemporary German artists gain recognition," added Waldman. "Horn and Baumgarten are heirs to the conceptual Beuys tradition. Also, the German emphasis on photography and installation and performance art has renewed interest here in these fields."

Established dealers such as Marian Goodman, who represents Horn and Baumgarten along with other German Conceptualists, and Cologne-based Michael Werner have played a key role in introducing contemporary German artists to the American public.

"We have tried to increase Americans' understanding of German artists such as Baselitz, A. R. Penck and Sigmar Polke, who have been established in Europe for years," said Gordon VeneKla-

sen, director of the Michael Werner Gallery. "We have seen a growing interest in these major postwar German artists. Now that the art market has become more insecure, museums and collectors are looking at art with strength and historical significance. And they are finding that high-quality German works are selling at lower prices than works by well-known contemporary American artists."

SEVERAL galleries, recently opened by a group of young German dealers from Cologne, have further internationalized the New York art scene. "New York is the most vital art center right now," said David Zwirner, 28, the son of Cologne dealer Rudolf Zwirner, who exhibits the work of emerging European and German artists at his SoHo gallery.

Another young German dealer, Friedrich Petzel, has established a gallery in his home in SoHo to show the work of young international artists who are not being exhibited by the larger galleries. "It's a perfect time to open a gallery in New York," said Petzel, who is the director of SoHo's Metro Pictures gallery. "Now that all the hype of the '80s is over, people are more open to newer artists. This would have been more difficult to do in a city like Berlin, where there are so many social and political concerns. Art is not a major focus there now."

Thomas Moller's and Matthias Held's Lok Gallery, in the city's West Village, is modeled on Beuys's ideal of art as a social enterprise that is accessible to ev-

eryone. "We're trying to spark things up here and make art less intimidating," said Moller, who organizes "live" event-oriented installations that often expand into a nearby nightclub. The gallery also presents traditional exhibitions of work by contemporary artists, including the Germans Anton Henning and Bernd Naber.

Another German presence that has changed the landscape of the New York art scene is The New York Kunsthalle, which opened this spring in the city's East Village. Kunsthalle, which first appeared in Germany and Switzerland during the 18th and 19th centuries, are contemporary art exhibition spaces without a permanent collection that serve as counterparts to museums.

"Our aim is to show challenging new work by emerging and established artists that wouldn't otherwise be shown in commercial galleries," said Martin Kunz, founding director of the New York Kunsthalle and former director of the Kunstmuseum in Lucerne, Switzerland. "We will also provide a forum for more European art in New York."

Kunz noted that the growing interest here in contemporary German art is rooted in a cross-cultural dialogue between the American and German art worlds. "Since the late '80s, when Joseph Beuys's artistic theories were absorbed in the international arena, American and German artists have been increasingly influencing each other," he said.

DANA MICUCCI is a journalist based in New York.

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Arts and Antiques / A Special Report

Putting a Ceiling On Restoration In Tuscany, Purist Facelifts Can Be the Enemy of History

By Susan Lumsden

MONTALCINO, Italy — One of the most tangible results of the inflated '80s in Italy, now contracted in crisis, was the restoration boom felt deep into this stark and evocative Tuscan countryside. While the economy roared and the deficit soared, money abounded even for architectural restoration in and around this ancient town 40 kilometers south of Siena.

Favored in 1982 by a new law allowing corporate tax deduction, restoration first involved the Renaissance giants like Botticelli, Leonardo and Michelangelo. By

focused windows illuminating the abbey are probably by Partini. Strictly speaking, they are fake. But they shouldn't be removed, she insisted, because they are part of the history of this sublime structure and setting.

"If the purists had their way, even the cypress tree that flanks the belltower should be chopped down because it wasn't there originally. Today, architectural restoration is more concerned with the history of the building than with its aesthetic," continued Franchina.

"A restoration of the 19th century is just as important as one of the 13th century," she said. "To decide which is more beautiful is not my job. As long as the alteration was planned and not the whim of some priest who painted the sacristy pink, it should be conserved. How many Baroque churches have been destroyed in the name of authenticity?"

One example is the nearby Collegata church of San Quirico d'Orcia. The original Gothic interior was redone in the Baroque fashion of the 17th century and undone in the 1950s. The present pseudo-Romanesque style does not relate to any part of its history, lamented Franchina.

"Restoration is not a new dress you can change and always have the same body underneath," she said. "It changes the body, too."

Restoring the Sant'Antimo monastery, most recently a barn, meant making a concession not just to history but to the all-too-human perception of it. The original stone walls were probably protected by stucco, which would have seemed too new, and therefore artificial, to contemporary eyes. So restorers stuccoed only the parts of the wall that had to be reinforced by new bricks. It's an old-looking patchwork. "Patchwork" might also be used to describe the philosophical attitudes concerning restoration, added Franchina.

While her department owns and has restored the most important Montalcino buildings, many of the 120 lesser structures classified in the 1981 inventory by architect Mauro Finetti have been saved by individuals, often aided by government grants or tax deductions.



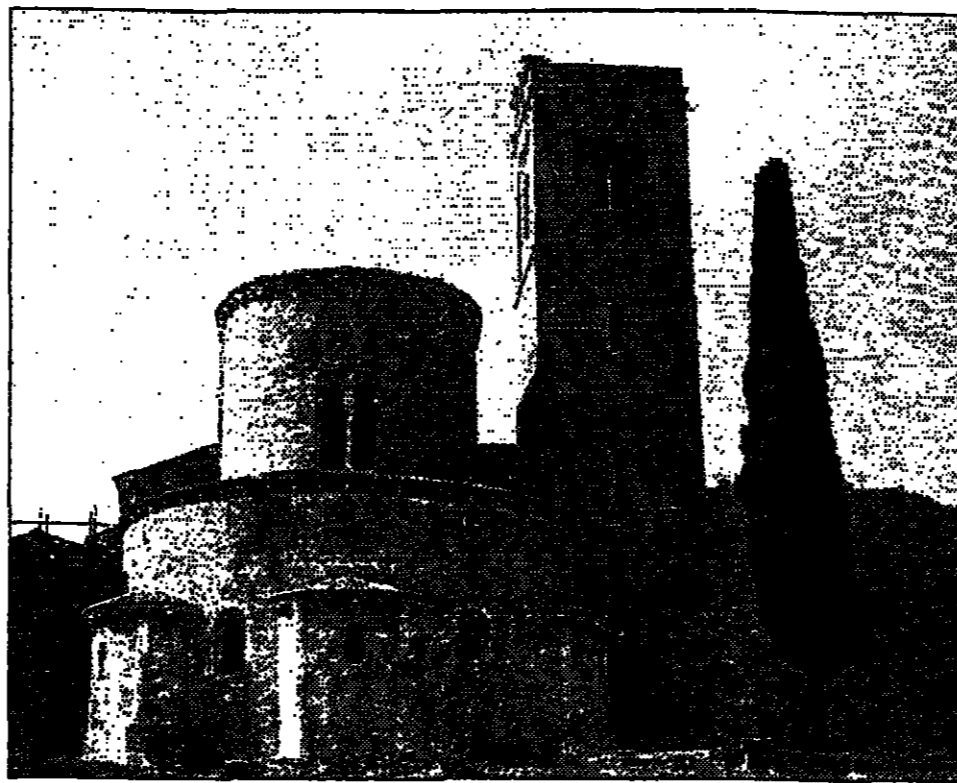
Sandro Chia

1992, even the anonymous Frankish and Lombard rockpiles of the Middle Ages were being reclaimed by construction cranes lifting crenellated towers to the sky.

Tuscan cultural facelift of the past decade is perhaps best exemplified by the restoration of the nearby monastery of Sant'Antimo. It was built by the Benedictines, legendarily on a charter from Charlemagne, after the Frankish invader was crowned Holy Roman Emperor by the pope in 800. The monastery was reopened a year ago, almost 1,200 years after its consecration.

The adjoining 12th-century abbey, considered one of the finest examples of Romanesque architecture in Italy, was rebuilt at the turn of this century by Giuseppe Partini, and according to the taste of his time, said architect Letizia Franchina, the deputy superintendent for the Italian Ministry of Cultural and Environmental Properties for the provinces of Siena and Grosseto.

Until 40 years ago, architectural restoration really meant rebuilding, said Franchina, and there has been a reaction to this practice. Since the abbey was a bastion of power in the Middle Ages, it was probably fortified. The delicate hi-



The restored abbey of Sant'Antimo in Montalcino, Italy.

These smaller jewels of "natural or environmental" interest are, nevertheless, subject to municipal rules laid down by the ministry of cultural property.

"They tell you to restore it as it was," says Sandro Chia, the Transavanguardia painter who acquired the 12th-century Castello Romitorio in 1987. "But they don't know how it was. Before photography, there were only artists and engravers, who depicted only the most important houses, and with artists' license."

"Fortunately, being born in Florence gives you a nonreverence toward antiquity," added Chia, whose Italian home is classified officially as of "special interest."

The Florentines finally captured this last Siennese outpost in 1559. While the four towers were still strong, the roof had to be remade with 40 percent of the old tiles, or sun-faded substitutes, to retain the "patina" of time, said Chia, who won a New York State Historical Society prize for the restoration of his Greek Revival farmhouse at Rhinebeck.

At Romitorio, he is currently designing the maquettes for a life-size bronze horse to be erected in the Siennese district of the Porcupine, one of the 17 antagonists in the annual Fallo horse race. Chia's studio is a shed near his wine presses. Aged and velvety Brunello red is the lifeblood of this rural economy. Like agriculture elsewhere, it is no longer labor-intensive. Hence, the abandoned buildings.

"You're more likely to see a

foreigner on a tractor here than an Italian," said Franchina. "In fact, the English, Swiss or Germans who have bought property are much more respectful of local ways and of restoration than the Milanese or Romans, who came here to entertain and sleep. They don't seem to see that a swimming pool or a golf course ruins this subtle landscape. "One must adapt to Tuscany, not ask Tuscany to adapt to you," she said. "Restoration requires humility. The best restoration is the one which is seen the least."

The two main rules are to retain the original walls, usually a meter and a half thick, and the interior volumes; that is, not to subdivide. City dwellers arrive wanting to open up houses with big windows, said Franchina. "They lack the logic of the peasant, who keeps the sun and wind and made windows small to avoid the heat and cold. People who want big windows should build new homes. I'd rather see an

old farmhouse die than be an accomplice to its assassination."

If the restoration boom resounded into the countryside, it also has had a major impact in the cities of art, particularly Florence. Franchina's statements echo those of the first resolution of the "Bill of Rights for a Work of Art" proposed by Artwatch International, a group of art lovers founded in 1991 by James Beck, of Columbia University's art history department.

Both the "artwatchers" and the restorers are dedicated to saving art from pollution. Artwatchers say that the grime of time and/or patina can protect art until better restoration methods are found; restorers say it speeds the deterioration and should be removed. What is dirt and what is patina is a question not only for chemists but also for philosophers, it seems.

SUSAN LUMSDEN is a journalist based in Florence.

Italy's Vanishing 'Museums' Wave of Art Thefts Threatens Patrimony

By Roderick Conway Morris

VENICE — Italy's identity is inseparably bound up with the unique continuity and wealth of its material culture — a point not lost on the terrorists, who elsewhere might try to blow up airliners, oil installations or chemical plants, but here have chosen such targets as the Uffizi's art collection in Florence and the St. John Lateran Church in Rome, the ancient "Mater et Caput" (Mother and Head) of all Catholic churches.

Bombing outrages inevitably grab the headlines and may yet succeed in obliterating some irreplaceable monument or work, but it is the threats posed by more mundane problems such as theft, the European single market and increasing vandalism that will have the greater long-term effect.

"We are continuing to lose the equivalent of an entire museum every year," said Emilio Di Giambattista, procurator-general of Italy's Court of Accounts. Last year, nearly 30,000 art pieces, including paintings, sculptures, books, coins, clocks, textiles and musical instruments, were stolen in 1,664 heists. In Rome alone, there is a serious art theft, on average, every day.

In the late 1960s, the carabinieri, the national military-style police, set up a special branch to deal with the problem. Their team of over 150 experts, sophisticated computerized system and extensive domestic and international intelligence network presently leads to the recovery of up to a third of stolen works. But in the face of the rising tide of serious crime, and in the absence of a substantial injection of new resources (unlikely to become available in the present economic crisis), they will be hard put to maintain such a record, let alone do more to control the rampant pillage of archaeological sites, tomb-robbing being, perhaps, a profession older even than the usual one cited.

Thefts from private properties accounted last year for the bulk of the booty carried off by thieves. Many of the country's most important treasures are now in the relative safety of museums.

However, as Giandomenico Romanelli, director of Venice's Civic Museums, emphasized in his office last week: "There is hardly a single museum in Italy that was actually built as a museum. Nearly all collections are housed in historic, monumental buildings, which greatly multiplies security problems." Nonetheless, said Romanelli, government and regional contributions toward installing modern alarm systems has done much lately to deter intruders.

This tightening up against theft is no doubt partly responsible for the advent of dramatic armed robberies. In Modena recently, a machine-gun toting band made off with five canvases, including a Velázquez

and a Renoir from a public gallery, and in Padua, a similarly armed gang burst into a service in St. Antony's church and seized a reliquary containing the saint's jawbone (the carabinieri later recovered it near Rome airport with the help of St. Antony's gypsy devotees).

Ironically, although famous works may seem tempting to malefactors, ultimately they are more likely to be recovered. "In most cases in Venice," said Romanelli, "they're stolen by local criminals, who then find them too hot to handle and abandon them."

The situation with minor works is very different, and their wholesale theft, often from churches, seriously threatens in the long term to denude parts of the country of its traditionally rich decorative and ornamental culture. Churches in places as far-flung as Catania, Naples, Lucca and the Venetian lagoon have been stripped bare by thieves, who have carried away entire marble floors and fittings and even ripped out entire marble floors and fittings down to the last holy-water font. The thefts often occur when the churches are closed while awaiting restoration.

OVERWHELMED by the task of caring for more than 95,000 churches, the Vatican has resolved to sell off at least 10 percent of them to help secure the future of the rest of its vast patronage. As Monsignor Pietro Antonio Galati, who heads the Vatican's Heritage Commission, said at a conference in Perugia earlier this year: "In Pesaro, a church has been converted into a boxing gym, and one in Venice is used for basketball and fashion shows. But the fact is that finding new uses is the only way to save churches no longer used for worship."

The approach of open borders within the European Community was widely perceived in Italy as potentially catastrophic to the country's artistic integrity. In November last year, however, the heritage representatives of the 12 EC members got together in Brussels to thrash out a special accord to provide some protection against a general art market free-for-all.

Afterward, Italy's cultural heritage minister, Alberto Ronchey, although not obtaining perhaps everything he might have wished for, declared himself "reasonably satisfied" with the outcome. He pointed especially to the right of countries protectively to list privately owned works (even if they have already left the country), and a 75-year period to recover works stolen from museums and churches (30 years in the case of private collections).

RODERICK CONWAY MORRIS is based in Venice and writes for The Spectator and The New York Times.

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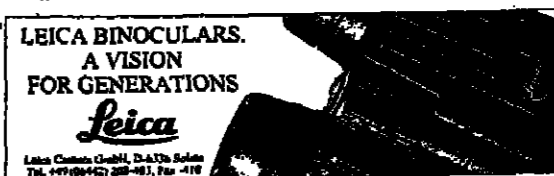
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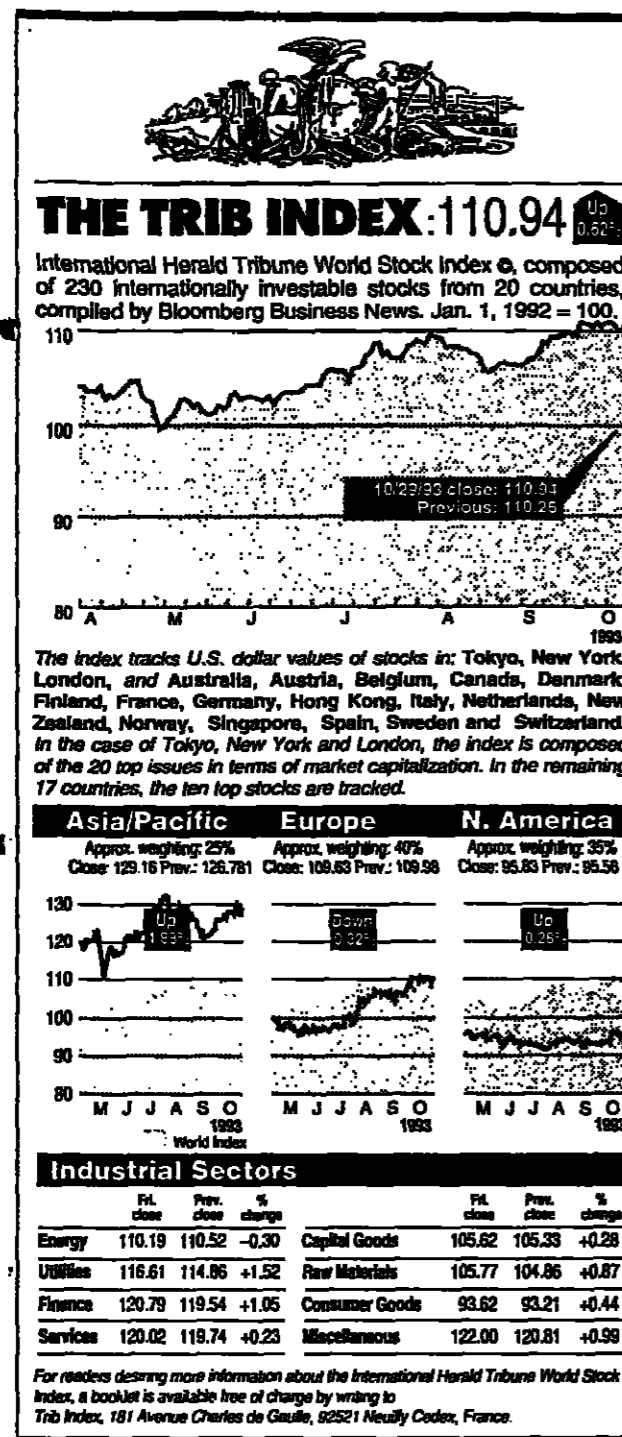


BUSINESS



International Herald Tribune, Saturday-Sunday, October 30-31, 1993

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McDonnell Gets Big U.S. Order

Bloomberg Business News
WASHINGTON — McDonnell Douglas Corp. received a \$1.6 billion Air Force contract for six more C-17 transport planes, the Defense Department said Friday.

The contract represented the fifth production segment for the C-17 program. About 20 C-17s have been bought by the Air Force in the past for \$8.1 billion.

The Air Force has been negotiating this contract for about 18 months, so it appeared to be a coincidence that the award was disclosed the same week that John Deutch, undersecretary of defense for acquisitions, told House Armed Services Committee members that he would allow the Air Force to buy as many as 40 C-17s, a third of a 120-plane order the Air Force was expecting.

Mr. Deutch is leading a review of the C-17 program that is expected to conclude work in late November. Until the committee briefing was leaked to the media, there had been speculation that Mr. Deutch would announce a final Pentagon C-17 strategy after his review.

Some observers believed that Mr. Deutch had decided to fund 40 planes, a target that will probably be reached in late 1996 or early 1997, and then reevaluate the program. The Air Force might then be allowed to purchase additional planes.

Mr. Deutch also has decided to pay McDonnell Douglas \$400 million to settle a billing dispute for past C-17 work.

McDonnell Douglas said Thursday that even if it reaches a settlement with the government in the dispute, it will probably have to record a \$450 million charge against the C-17 program.

Wait, Sweden Tells Volvo Renault Pact Spurs Second Thoughts

By Jacques Neher
International Herald Tribune
PARIS — Less than two months ago, Louis Schweitzer, chairman of Renault SA, and Peter Gyllenhammar, chairman of AB Volvo, met amid fanfare to announce the marriage of the French and Swedish automakers to create the world's sixth-largest automotive group.

As the two now approach the altar, a growing and vociferous crowd on the Swedish side of the aisle is threatening to wreck the big day, casting serious doubt on the first major international European auto merger as well as the subsequent privatization of Renault.

The protests mounting in Sweden among Volvo shareholders, the media and some politicians highlight the kind of conflicts likely to arise in future mergers or alliances involving Europe's national companies.

"We've got to see more of these rearranged actions as Europe faces the fact that for each country to have its own airline and each country to have its own carmaker is a luxury we can't afford," said Piers von Simson, director of international mergers and acquisitions for S.G. Warburg & Co. in London. The protests, he said, "symbolize what we're all going through in Europe — a loss of identity, a loss of sovereignty."

Questions of sovereignty, both political and economic, lie at the heart of the issue, as Sweden expressed fears that the French company, and by extension the French government, will be in a position to exercise power over

Swedish jobs, research and industry.

The protest began this month when an association representing small shareholders announced it would wage a proxy battle against the merger, which is to be voted on by Volvo shareholders Nov. 9. Since then, a union representing Volvo engineers, concerned that research and devel-

opment would be shifted to France, also has come out against the deal.

Some suggest that shareholders may ultimately go along with the merger, but only if the French government agrees to commit itself to privatizing Renault by a certain time and to discard or restrict the use of its "golden share" in the holding company.

"It won't be a 'yes,' but a 'yes with certain conditions,'" said Anders Roslund, analyst with Handelsbanken Investment Banking in Stockholm.

He said shareholders and the larger Swedish public wanted a

Loss at Nissan, Steel Layoffs Add To Japan Gloom

Compiled by Our Staff From Dispatches
TOKYO — Nissan Motor Co., Japan's second-largest carmaker, sank deeper into the red in the first half of the financial year because of the yen's steep rise and poor sales at home and abroad.

In a separate announcement showing the depth of Japan's continuing slump, Nippon Steel Corp. said it planned to cut 7,000 steel-related jobs over three years beginning April 1. Meanwhile, the president of Honda Motor Co. said all automakers must restructure themselves to cope with a "slower growth era in all the major auto markets of the world."

Nissan said its pretax loss widened to 28.93 billion yen (\$265.7 million) in the six months ended Sept. 30, more than double its loss of 14.24 billion yen in the year-earlier period.

Still, the result was better than Nissan's earlier forecast of a 40 billion yen pretax loss, partly because of profit from sales of securities, Heichi Hamamoto, an executive managing director, said.

Nissan continued to forecast that business would improve in the second half — a view that analysts and many others do not share.

Nissan said it planned to speed up a previously announced restructuring plan. It will now cut its workforce by 5,000 within two years, rather than three years, and slash production costs more deeply than planned, one senior official said. He gave no further details.

At Nippon Steel, the company said its plan aimed to raise parent-company current profit by 300 billion yen over the three years beginning April 1, 1994.

In the 1992-93 financial year, Nippon Steel had parent-company current profit of 28.88 billion yen, down 71 percent from a year earlier. The company said in September that it was likely to post a parent-company current loss for 1993-94. It did not give specific figures, though it said it expected a loss of 15 billion yen for the six months ended Sept. 30.

Its vice president, Yoshiro Sakai, said the rise in profit would be achieved through drastic cost-cutting and improved competitiveness. Specific measures will be decided later in the year, he said.

He said the 7,000 job cuts would be made mainly through attrition and the transfer of employees to Nippon Steel subsidiaries and other companies. No layoffs are planned, he said, but recruitment in 1995-96 will be about half the 1994-95 level. At present, Nippon Steel has 53,000 employees, of whom 16,000 work outside the parent company.

Honda's president, Nobuhiko Kawamoto, issued a warning Friday that maturing car markets in Japan, the United States, Canada and Europe, combined with a strong yen and inflated prices of Japanese cars abroad, meant that Japanese carmakers must reduce their reliance on exports and confront a need for change.

Honda blazed a trail for Japanese automakers three years ago when it launched a cost-cutting program to slash spending on production and development, reduce its workforce by about 7 percent and shift more production to the United States.

"Honda is in a better position than other Japanese car companies in this respect," Ben Moyer, an auto analyst for Merrill Lynch Japan Inc., said.

"Their fixed costs have been falling over the last years, while those of the other automakers have been stable or rising."

JAL's Net Loss Narrows
 Japan Air Lines said it had a net loss of 3.36 billion yen in its first half, ended Sept. 30, citing a sluggish economy and the yen's rise. The Associated Press reported.

The loss was a slight improvement over the 3.60 billion yen loss registered during the same period a year earlier.

The carrier said intensive price competition with foreign airlines and the cold wet summer in Japan also depressed sales and earnings.

Sales fell 9 percent to 500.38 billion yen from 549.59 billion yen.

ECONOMIC SCENE

Do Those Huge Salaries Really Help Bottom Line?

By Peter Passell
New York Times Service

NEW YORK — In 1990 the average take-home pay of the partners in the law firm of Cravath, Swaine & Moore exceeded the total salaries of all nine members of the Supreme Court. Chief executives of the Fortune 500 did pretty well that year, too, netting an average of \$1.4 million — roughly 40 times the average for public school teachers.

Yes, it is getting harder to work up a lather over such familiar outrages. But the source of these numbers, Derek Bok's new book, "The Cost of Talent," (The Free Press) offers more than a rebuke of the old stuff.

Rather than focusing on the pay gap between the skilled and unskilled workers, the former president of Harvard and dean of its law school hones in on the divergence in pay among professionals, a subject just beginning to capture the attention of labor economists.

And while Mr. Bok is better at describing the consequences than the cure, the phenomenon — and the book — are disturbing.

Economists have been telling each other for decades that wages are determined by the value an extra worker can bring to the job.

Simple as it sounds, and hard to prove, marginal productivity theory is still more or less the state of the science of wage determination and income distribution.

But what seems to answer a question as old as Karl Marx in comparing the lot of skilled workers with that of the proletariat does not hold up very well in explaining why, say, auto executives earn more than machine chemists.

Mr. Bok, a lawyer who knows his economics, is happy to amplify. "We're talking about unique services," he argues, where there is "an imbalance of information between professionals and the people who employ them."

It is hard enough to figure whom to hire or what to pay them if the work is merely important — say, tax accounting.

And when it is a matter of life or death, the information vacuum looms as black as outer space. "Can you imagine someone looking for the lowest-cost heart surgeon, even if insurance didn't pay?" Mr. Bok asks.

One apparent consequence, which Robert Frank of Cornell and Philip Cook of Duke have labeled the "winner take all" phenomenon, is a broadening of the star system beyond sports and entertain-

New Lease on Life for Canary Wharf

By Erik Ipsen
International Herald Tribune

LONDON — Canary Wharf, Europe's largest new office development, reemerged from receivership Friday, aided by an official green light from the British High Court, by fresh funds from its lenders and by the go-ahead from the British government to build a vital new subway line to the site.

"We are back in business," said Sir Peter Levene, Canary Wharf's newly appointed chairman.

The 4.5 million square-foot (405,000 square-meter) project, situated in the depressed Docklands area just east of the City of London financial district, had been placed in administration in May of 1992 following the bankruptcy of its developer, Canada's Olympia & York Developments Ltd.

Built at a cost of £1.5 billion (\$2.3 billion), property experts estimated that it was probably worth only one-fifth of that sum today. The scale of the disaster was clearly evident earlier this month when Canary Wharf's unsecured creditors agreed to accept up to 15 pence for each pound owed to them.

At a press conference to mark the signing of the first contracts for the extension of the Jubilee subway line, Transport Secretary John MacGregor hailed the signing as "good news for the Docklands, for London, and for the construction industry."

He predicted that the £1.7 billion subway extension would generate 22,000 jobs over the life of the project, which has been estimated at four years and five months. It was the government's insistence that the private sector should bear £600 million of the cost of that line that contributed to the lengthy delays preceding the start-up on Friday.

In the end, crucial financing came from the European Investment Bank, which is owned by the various European Community governments. It agreed to put up £98 million in cash now, with the remainder to be supplied by the project's consortium of 10 bank lenders over the course of 24 years following the completion of the line's construction.

Francis Carpenter, an official of the investment bank, explained his bank's support by noting that Canary Wharf was "of such magnitude to be of European significance." He also saw the bank's contribution as being consistent with pledges made at last December's EC summit meeting in Edinburgh to prime the pump of job creation in Europe with public spending.

The long-awaited revival of Canary Wharf, which is now owned by its banks, and the go-ahead for the Jubilee Line, were widely hailed as the salvation of the entire Docklands area.

Currently about 4 million square feet of space, 40 percent of the total, stands empty.

"The whole area has been in a state of limbo for the last year and a half waiting for this," said Andrew Lowe, a director at DTZ Debenham Thorpe, a property consultant.

But others worried that the good news for Docklands could hurt the rest of the London property market, which only recently has shown signs of emerging from its deepest slump in decades.

"It is definitely not good news for central London," said Geoff Marsh, managing director at Applied Property Research. He and others worry that a more accessible Docklands would spell more competition for the millions of square feet of space currently standing empty elsewhere in London.

Canary Wharf's new management insisted that the project would not be as competitive as it had been in the past when Olympia & York had offered deep discounts. "We will not give space away for nothing," pledged Sir Peter, the former head of procurement for the Ministry of Defense.

Once billed as an adjunct to the City of London financial district, which lies 2.5 miles (4 kilometers) to the west, Canary Wharf was supposed to be filled by upscale banks and brokerages.

Oil Plunges As Output by OPEC Rises

Compiled by Our Staff From Dispatches
LONDON — World oil prices dropped steeply Friday as weak technical factors combined with an apparent overproduction by major oil exporters in October.

The price of North Sea Brent, a world benchmark crude oil, for delivery in December crashed through the \$16-a-barrel level in afternoon trading and fell to a new contract low of \$15.80. Light sweet crude closed down 45 cents, at \$16.92, in New York.

A futures broker said the market was looking for an excuse to push prices lower and had pounced on figures showing output by the Organization of Petroleum Exporting Countries had risen above its ceiling of 24.5 million barrels a day in October.

(Reuters, Bloomberg)

U.S. Investors Flock to Stock Funds

By Floyd Norris
New York Times Service

NEW YORK — In a surge of buying, Americans poured billions of dollars into stock funds this month. And there seemed to be an attraction to more speculative funds.

"Our sales have been just up and up and up," said Don Webber of State Street Research, a fund manager, speaking of the year. "But this month, sales of equity funds are up 47 percent from last month."

Sales of foreign stock funds had accelerated in August and September, and that continued in October, fund managers said, adding that there was particular strength in the flow of cash to funds that invest in Latin American and Asian markets.

In September, stock funds that invest either solely or primarily in foreign stocks took in \$3.8 billion, down from a record \$5.4 billion in August.

At Fidelity Investments, the largest mutual fund company, "it is the highest month on record for net sales," said Neal Livak, an executive vice president. He noted that in October, the month of sharp market drops in 1987 and 1989, "had sort of taken on a superstitious connotation," and said "our investors chose to ignore it."

The surge of stock fund sales in October came after a slip in sales of domestic stock funds in August and September. In September, those funds brought in \$5.3 billion, down from \$6.6 billion in August and just over half the monthly record of \$10.2 billion, set in March, according to figures released Thursday by the Investment Company Institute.

Those slowing sales had left such funds with relatively low cash levels at the end of September — 8.5 percent of assets, the lowest since March 1992. But the flow of money had to drive up stock prices.

Mr. Livak added that there had been much greater interest in speculative funds and cited heavy sales of sector funds, particularly those in telecommunications and health care, and in funds that invest in small-capitalization stocks.

The telecommunications stock craze, intensified by Bell Atlantic's agreement to acquire Tele-Communications Inc., was also cited by GT Global Financial Services, a group strongest in international funds.

The expanding US economy
Labor unrest in Europe
Israel - Arab talks
More scandals in Japan
Beijing - Hong Kong negotiations

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Tokyo Bourse Apologizes For JR East
Reuters
TOKYO — The Tokyo Stock Exchange, under fire from Japanese brokers, apologized Friday for its sudden suspension of trading in East Japan Railway Co., Japan's biggest privatization in six years.

Citing technical problems due to a huge backlog of orders, the exchange ordered a halt to trading in JR East on Wednesday, only one day after its long-awaited debut. Japanese brokers accused the exchange of botching the listing.

"I'm sorry to have troubled investors and member securities houses," said Yukihiko Matsumoto, the exchange's managing director.

Shares of JR East closed Friday at 520,000 yen (\$4.815).

Herald Tribune

CURRENCY & INTEREST RATES											
Cross Rates						Eurocurrency Deposits					
	£	DM	FF	Yen	Oct. 29	1 month	3 months	6 months	9 months	12 months	Oct. 29
American	1.815	2.473	1.122	1.438	111.94	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
British	0.646	0.875	0.411	0.531	108.80	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
French	0.016	0.021	0.008	0.010	93.80	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
German	0.004	0.005	0.002	0.003	102.00	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Japanese	0.009	0.012	0.005	0.006	120.18	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Swiss	0.007	0.009	0.004	0.005	105.62	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Other Dollar Values											
Australia	0.75	1.00	0.45	0.58	105.77	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Canada	0.75	1.00	0.45	0.58	93.62	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Denmark	0.13	0.17	0.08	0.10	122.00	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Spain	0.016	0.021	0.008	0.010							
Sweden	0.016	0.021	0.008	0.010							
Switzerland	0.007	0.009	0.004	0.005							
U.K.	0.646	0.875	0.411	0.531							
Yen	0.009	0.012	0.005	0.006							
Forward Rates											
30-day	1.480	1.632	0.750	0.975	1.225	1.224	1.224	1.224	1.224	1.224	1.224
90-day	1.484	1.637	0.754	0.979	1.229	1.228	1.228	1.228	1.228	1.228	1.228
180-day	1.488	1.642	0.758	0.983	1.234	1.233	1.233	1.233	1.233	1.233	1.233

سكوا من الاصل

MARKET DIARY

Industrials Retreat, Small Shares Gain

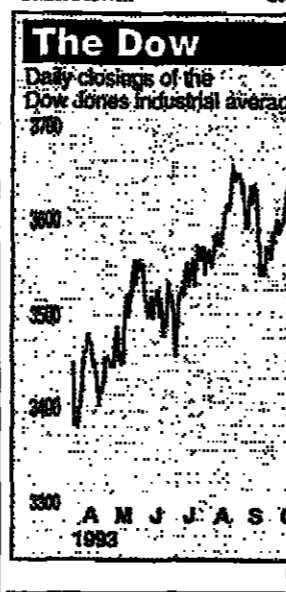
NEW YORK — The stock market drifted to a mixed finish Friday as investors awaited further clues to the economy's condition...

National Association of Purchasing Management will issue a reading on the manufacturing sector and the government's report on the job market situation.

N.Y. Stocks

367.89 million shares, off from 394.7 million shares on Thursday. Broader market indicators managed to move moderately higher...

The announcement Friday that Aetna Life & Casualty profits in the third quarter from continuing operations rose higher than most analysts had forecast...



Dow Jones Averages

Table with columns: Open, High, Low, Last, Chg. Rows: Index, Industrials, Transportation, Commodities.

Standard & Poor's Indexes

Table with columns: High, Low, Close, Chg. Rows: Industrials, Transportation, Commodities.

NYSE Indexes

Table with columns: High, Low, Close, Chg. Rows: Composite, Industrials, Transportation, Commodities.

NASDAQ Indexes

Table with columns: High, Low, Close, Chg. Rows: Composite, Industrials, Transportation, Commodities.

AMEX Stock Index

Table with columns: High, Low, Close, Chg. Rows: Composite, Industrials, Transportation, Commodities.

Dow Jones Bond Averages

Table with columns: High, Low, Close, Chg. Rows: 20 Bonds, 100-Year, 30-Year, 10-Year, 5-Year.

Market Sales

Table with columns: NYSE A.P.M. Volume, NYSE A.P.M. Value, Amex A.P.M. Volume, Amex A.P.M. Value, NASDAQ A.P.M. Volume, NASDAQ A.P.M. Value.

AMEX Most Active

Table with columns: Vol., High, Low, Last, Chg. Rows: Hellenic, Amgen, Amgen, Amgen, Amgen.

NYSE Most Active

Table with columns: Vol., High, Low, Last, Chg. Rows: Hellenic, Amgen, Amgen, Amgen, Amgen.

NASDAQ Most Active

Table with columns: Vol., High, Low, Last, Chg. Rows: Hellenic, Amgen, Amgen, Amgen, Amgen.

NYSE Diary

Table with columns: Class, Prev., Chg. Rows: Advanced, Declined, Unchanged, Total Issues.

Amex Diary

Table with columns: Class, Prev., Chg. Rows: Advanced, Declined, Unchanged, Total Issues.

NASDAQ Diary

Table with columns: Class, Prev., Chg. Rows: Advanced, Declined, Unchanged, Total Issues.

EUROPEAN FUTURES

Table with columns: Close, High, Low, Prev., Chg. Rows: COCOA (LCE), Starting per metric tons of 10 tons.

COCOA (LCE)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per metric tons of 10 tons.

COFFEE (LCE)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per metric tons of 5 tons.

WHITE SUGAR (LCE)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per metric tons of 16 tons.

ALUMINUM (LME)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per metric tons.

COPPER CATHODES (LME)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per metric tons.

LEAD (LME)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per metric tons.

ZINC (LME)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per metric tons.

3-MONTH STERLING (LIFFE)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per 100 pounds.

3-MONTH EURO DOLLAR (LIFFE)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per 100 pounds.

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Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per 100 pounds.

GERMAN GOVERNMENT BOND (LIFFE)

Table with columns: Dec, Mar, Jun, Sep, Chg. Rows: Starting per 100 pounds.

INDUSTRIALS

Table with columns: High, Low, Last, Settle, Chg. Rows: GADOL (LIFFE), 100 shares per metric tons of 10 tons.

BRENT CRUDE OIL (IPE)

Table with columns: High, Low, Last, Settle, Chg. Rows: U.S. dollars per barrel of 158.9 barrels.

STOCK INDEXES

Table with columns: High, Low, Close, Chg. Rows: FTSE 100 (LIFFE), 100 shares per metric tons of 10 tons.

SPOT COMMODITIES

Table with columns: Commodity, Today, Prev., Chg. Rows: Aluminum, Ammonia, Aspartic acid.

DIVIDENDS

Table with columns: Company, Dividend, Ex-Dividend, Yield, Chg. Rows: Amgen, Amgen, Amgen.

STOCK SPLIT

Table with columns: Company, Split, Ex-Split, Yield, Chg. Rows: Amgen, Amgen, Amgen.

STOCK SPLIT

Table with columns: Company, Split, Ex-Split, Yield, Chg. Rows: Amgen, Amgen, Amgen.

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STOCK SPLIT

Table with columns: Company, Split, Ex-Split, Yield, Chg. Rows: Amgen, Amgen, Amgen.

Positive Economic Data Give the Dollar a Lift

UNITED PRESS INTERNATIONAL NEW YORK — The dollar rose Friday, lifted by some favorable economic news in listless trading that preceded a long weekend in several European markets.

Traders also said the rise raised hopes that the National Association of Purchasing Management index, due out Monday, would show a similar gain.

Foreign Exchange

DM Thursday, and at 108.50 yen, improved from 108.145 yen, even after analysts said a shortage of liquidity had slowed down buying.

Against other major currencies,

the dollar was quoted at 1.4925 Swiss francs, up from 1.4775 francs, and at 5.9060 French francs, compared with 5.8570 francs. The pound eased to \$1.4815 from \$1.4883.

Additional support for the dollar

came from a stronger-than-expected report from the Chicago purchasing managers' group, which index jumped to 57.0 percent in October from 54.5 percent the previous month.

And it is apparently reinforced

by the psychology of career choices that have much in common with the lure of high-tech gambling: People make decisions about education and employment based on small chances of gigantic payoffs.

SCENE: Do Huge Salaries Boost the Bottom Line?

Continued from Page 13 — what they might earn if they, say, hit 320 for the Dodgers or become partners in Goldman Sachs.

Another worry is the loss of loyalty to employers, the bond beyond money that makes organizations more productive than a collection of individuals looking out for No. 1.

Mr. Bok raises the specter of deeper social and economic losses. One worry is that the most talented are systematically forsaking government service, like teaching and government service, that do deliver personal security but never deliver a big financial hit.

Still another, is the "whole different feeling of leader to group." If the million-dollar boss is seen as merely the luckiest or most ruthless bee in the hive, capitalism is in trouble.

WORLD STOCK MARKETS

Agence France Presse Oct 29

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Montreal, Paris, Sao Paulo, Singapore, Stockholm, Tokyo, Zurich, and Johannesburg.

Toronto

Table of Toronto stock market data including various indices and individual stocks.

Sydney

Table of Sydney stock market data including various indices and individual stocks.

Tokyo

Table of Tokyo stock market data including various indices and individual stocks.

Sao Paulo

Table of Sao Paulo stock market data including various indices and individual stocks.

Singapore

Table of Singapore stock market data including various indices and individual stocks.

Stockholm

Table of Stockholm stock market data including various indices and individual stocks.

Zurich

Table of Zurich stock market data including various indices and individual stocks.

Johannesburg

Table of Johannesburg stock market data including various indices and individual stocks.

U.S. FUTURES

See Associated Press Oct 29

Grains

Table of U.S. futures for grains including wheat, corn, and soybeans.

Metals

Table of U.S. futures for metals including copper, nickel, and zinc.

Livestock

Table of U.S. futures for livestock including cattle and hogs.

Financial

Table of U.S. futures for financial instruments including Treasury bonds and Treasury bills.

Food

Table of U.S. futures for food products including coffee and sugar.

Stock Indexes

Table of U.S. stock indexes including S&P 500, NYSE, and NASDAQ.

Commodity Indexes

Table of U.S. commodity indexes including energy, metals, and grains.

Shell Oil Says 3d Quarter Net Soared

HOUSTON (AP) — Shell Oil Co. cited reduced expenses, said Friday its third-quarter earnings leaped to \$187 million from \$18 million a year earlier, even though revenue slipped to \$5.37 billion from \$5.67 billion.

Shell does not report earnings per share, because it is a wholly owned subsidiary of Royal Dutch/Shell Group.

U.S. Spending in 2d Straight Gain

WASHINGTON (AP) — The personal income of Americans in September rose a modest 0.2 percent, building on a strong increase in August, the government said Friday.

The back-to-back increases, which brought personal income to a seasonally adjusted annual rate of \$5.44 trillion, was likely to be taken as a good sign by analysts for retailers' all-important holiday shopping season.

UAL Pilots Sue Over Code-Sharing

CHICAGO (Reuters) — United Airlines pilots said they filed suit to halt the carrier's marketing agreements with Lufthansa AG and others because they violate the pilots' contract.

United and Lufthansa filed for U.S. Transportation Department approval of the marketing alliance this week. The agreement is aimed at making it easier for passengers to transfer between companies and carriers through code-sharing.

Aetna's Quarterly Earnings Rise

NEW YORK (Knight-Ridder) — Aetna Life & Casualty Co.'s third-quarter operating results soared above expectations, bolstered by its property-casualty insurance segment's higher operating income and lower catastrophe losses, the company said Friday.

Aetna reported third-quarter earnings from continuing operations of \$196.5 million, or \$1.76 per share — above the \$1.12-a-share consensus estimate of analysts surveyed by First Call Corp. In the year-to-year comparison, Aetna's operating earnings were \$47.8 million, or 43 cents a share.

Mattel Expects '93 Earnings at \$1.70

NEW YORK (Bloomberg) — Mattel Inc., the giant toy company, will earn at least \$1.70 a share in 1993, said John Amerman, chairman and chief executive.

Sales of Barbie, Mattel's biggest selling toy, will top \$1 billion, compared with \$965 million in 1992, Mr. Amerman said at the Gerard Klauer Mattison toy conference in New York.

For the Record

Motorsola Inc.'s board of directors said it had "no reason" to look outside the company to fill any of the senior positions open after its chairman and chief executive officer left the company.

Bank of Boston Corp. said it had formed 25 new executive panels and created a new office of the chairman in a management realignment that has resulted in the departure of three high-ranking executives.

QVC Network Inc. will take its battle to acquire

Paramount Communications Inc. to the courtroom on Nov. 16.

QVC Network Inc. will take its battle to acquire Paramount Communications Inc. to the courtroom on Nov. 16.

كندا من الأصل

Data Point Both Ways For France

Compiled by Our Staff From Dispatches

PARIS — France reported a near-record trade surplus for July on Friday, but much of the gain came from a decline in imports, reflecting weak domestic demand.

The message of weakness in the economy was underlined when the government also announced that unemployment in September was a record 3,242,000 people.

The trade surplus widened to 10.44 billion francs (\$1.77 billion), far more than had been expected, from 4.31 billion francs recorded for June. But while exports were up 1.9 percent from June, at 96.81 billion francs, imports slumped 4.7 percent, to 86.37 billion francs.

Philippe Brossard, an economist at banking group Crédit Lyonnais, said the gain in exports showed that improved French competitiveness and a tough anti-inflation policy were having an effect.

Separately, the national statistics institute INSEE released a survey showing business leaders as significantly more optimistic about the chances of increased output at their companies this month.

INSEE said activity picked up in October, noting a sharp upturn in the automobile sector and in land-based transport generally, after a period of steady decline.

Finance Minister Edmond Alphandery said the survey provided further evidence that France was pulling out of recession.

(Reuters, AFP)

Can Greece Keep Vows? EC to Keep Sharp Eye on Papandreou

ATHENS — Greece, the European Community's poorest country, is so far behind in efforts to pull its debt-ridden economy into line with its 11 EC partners that at times it seems to have disappeared from the chart.

Inflation is four times the EC average, debt is more than double the Maastricht treaty's target of 60 percent of gross domestic product and the drachma is the only EC currency never to have dared to join the exchange-rate mechanism of the European Monetary System.

And just when the former conservative government was winning some modest EC praise for addressing such problems, it was swept out of power by the socialists earlier this month.

Now the EC will keep a close eye on Prime Minister Andreas Papandreou to see whether he lives up to pledges to keep Greece on track with tight monetary and fiscal measures.

His policies during his last term, from 1981 to 1989, brought down the wrath of the Community and even had some Brussels officials wondering whether a member state could be kicked out.

Greece joined the EC in 1981, the year that Mr. Papandreou came to power for the first time.

By the time he left office, the country was so discredited that the conservatives were forced to accept the most severe inspection procedures ever imposed on a member state when they received a 2.2 billion Ecu (\$3 billion) loan in 1991.

Now Mr. Papandreou and National Economy and Finance Minister George Yannimatas face an array of economic problems, many of their own making from their previous time in power.

No figure highlights Greece's economic woes more than its tenacious double-digit inflation rate, which a succession of governments has vowed — and failed — to tame.

The rate is fueled partly by untaxed income in one of the EC's largest black economies, which

some estimates put as high as 40 percent of annual GDP, now about \$75 billion.

Mr. Yannimatas quickly vowed to make the fight against inflation his priority, transforming the figure into the acid test for the new-found "pragmatic" socialist approach.

Mr. Yannimatas's first real test will be a 1994 public sector wage round, the results of which should be known when he presents his budget on Nov. 30.

Only strict pay curbs for a legion of state workers, reeling from three years of conservative auster-

Just when the conservatives were winning some modest praise from the EC, they were swept out of office.

ity and below-inflation pay rises, will make single-digit inflation possible.

The socialists face a difficult and contradictory task in applying the rest of their economic package.

They have drastically cut back a conservative privatization program, leaving a \$1.5 billion hole in estimated revenues for 1993, and say this will be financed by government bonds.

Bond dealers, already raising questions about "market fatigue" with so much Greek paper around, have stressed there will be upward pressure on interest rates to entice investors, foreign and local, to take up new issues.

That would hinder Mr. Papandreou's hopes of curbing rates, now about 30 percent for business loans, to foster GDP growth which is expected to languish at around one percent in 1993.

Hotel Firm Has 2d-Largest Loss In U.K. History

LONDON — Queens Moat Houses PLC, Britain's third-largest hotel group in terms of the number of rooms, announced Friday the second-biggest loss in British corporate history, but said it had bank support for a restructuring.

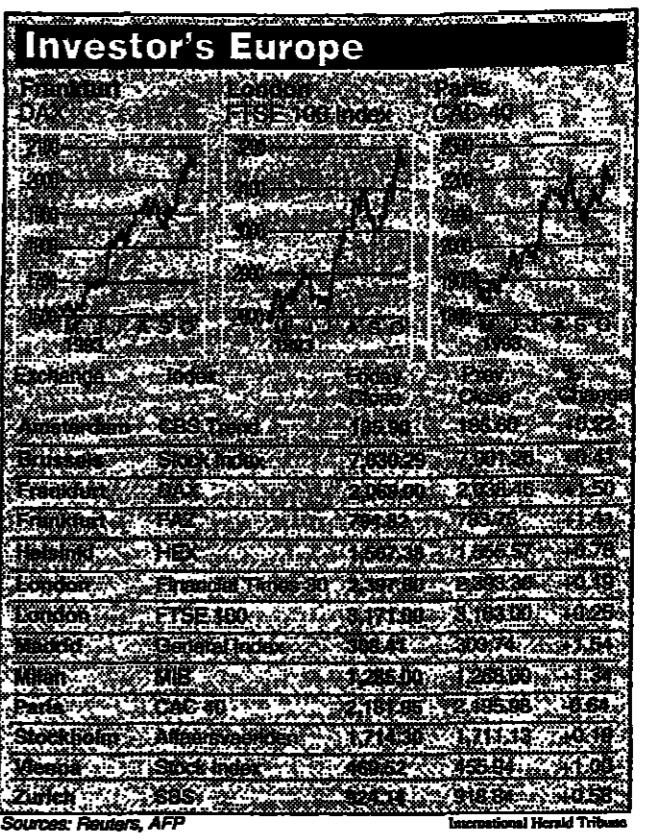
The company, which had stumped the London Stock Exchange in March when it requested a share suspension, said a write-down of £939 million (\$1.39 billion) on its hotel portfolio had dragged the group into a pretax loss of £1.04 billion for 1992.

The company also said it had restated its 1991 results to show an earlier published pretax profit of £80.4 million now as a loss of £56.3 million.

In April the company had surprised investors, who had been widely expecting healthy profit for 1992, by announcing it would be making big losses instead. It had also said at that time that its books were in such confusion that the group had to call in special advisers and accountants to figure out how much money had been lost.

Its entire board has been replaced since then and new executives have been trying to thrash out a rescue plan with the group's approximately 60 creditor banks.

Queens Moat's losses were the biggest by a British company since



Very briefly:

- Fiat SpA is preparing to cut 13,000 jobs at plants in Turin, Arse and Naples, union sources said. Fiat, however, said that "no decision of that kind has been made." Separately, Fiat and GKN PLC said they were holding talks about forming a joint venture to build velocity joints at an existing Fiat plant near Florence.
- Banco Español de Crédito SA said its pretax profit fell 76 percent in the first nine months to 9.9 billion pesetas (\$73.3 million) as it more than doubled its provisions for non-performing loans to 67.7 million pesetas.
- Bayer AG said it expected earnings to fall 20 percent in 1993 but that it may nevertheless raise its dividend for fiscal reasons.

AFP, APX, Bloomberg

BANK: EC Leaders Choose Frankfurt as Site for Future EC Central Bank

Continued from Page 1

convoys, which killed one aid worker. He said the Community would demand that Serbian, Croatian and Muslim leaders meet with Lord Owen, the UN mediator, to provide guarantees for the safety of aid convoys.

Aid to the former Yugoslavia was one of five areas of joint action designed to form the basis of a new EC foreign policy, which is called for in the Maastricht treaty. The leaders also endorsed the plan for a stability pact involving Eastern and Western Europe, put forward by Prime Minister Edouard Balladur of France: the sending of monitors to the Russian elections in December, and support for the peace process in the Middle East and democracy in South Africa.

gave hope that the future European monetary authority would be as free of political influence as the Bundesbank. "The daily political controversies that dominate life in parliamentary or government capitals are less palpable here," he said.

Andreas von Schoeler, mayor of Frankfurt, said the decision could also be understood as a new challenge to Germans to overcome any lingering doubts in Europe or antipathy toward foreigners. "For Germany, this decision does more than any other to support public interest in European integration," he said.

Martin Kohlhaussen, chairman of the board at Commerzbank AG, said Germany's culture of stability, which is anchored in the public mind as much as in public policies, "stands a good chance of becoming the first word in European monetary policy."

"I see this decision as well-deserved recognition for the extraordinary role the Bundesbank has played in its lasting fight for monetary stability," he said.

The next pressing question on local leaders' minds will be where to put the new institution within the city. Mr. von Schoeler said there were "several locations reserved" for the European Monetary Institute, and two possible sites for the European central bank, which comes later.

The central bank could be headquartered in a building currently occupied by the Frankfurter Sparkasse, in Frankfurt's banking quarter, or in the landmark I.G. Farben building, that currently houses the Fifth Corps of the U.S. Army in Europe, he said.

The final decision on the location of the European central bank will be left to its predecessor, the monetary institute.

The environmentalist Greens party, which shares power in Frankfurt's governing coalition, favors use of the I.G. Farben building because it has good security and its proximity to housing would reduce traffic into the already overcrowded city center.

JAPAN: Industrialists Fearful That Economy Far Sicker Than Believed

Continued from Page 1

downward spiral would emerge that would be quite disastrous," he said.

Without doubt, the recession in Japan has so far inflicted relatively little pain comparable to the joblessness in Western Europe or the United States. And some private-sector economists agree with the government that the economy will pick up next year as corporate profits recover with gains in productivity.

The government said Friday that unemployment had risen to 2.6 percent, its highest level in more than five years, and up from 2.5 percent in August. Although the figure is tiny compared with European or U.S. levels, there are as many as 2 million additional "in house" unemployed, nearly 3 percent of the work force. If these were included, Japan's jobless rate would be above 5 percent, economists say.

The official unemployment rate will continue to climb, they add, but companies will make major job cuts of the sort seen in the West only as a last resort. Dismissing workers in a society

with no tradition of job-hopping and limited unemployment protection remains socially taboo.

Speaking of lifetime employment, Mr. Kawamoto said: "We hope to keep it as long as we can. The only method we can follow is to rely on natural attrition and taking on fewer new employees."

Yet even if these approaches are followed, the numbers are beginning to add up.

Although the job-cutting announcement by Nippon Steel grabbed attention here, it was only the latest in a series of moves that show how major corporations are cutting personnel costs. Victor Co. of Japan, a major electronics company, said it would offer incentives to 600, or 40 percent, of its white-collar workers over age 50 to "voluntarily" retire.

In just the last week, Toyota Motor Corp. said it was joining other hard-pressed auto makers in asking workers to accept winter bonuses lower than those previously negotiated. A growing group of companies, including Nissan

Motor, Japan's second-biggest automaker, are also replacing the traditional seniority-based pay system with one based on performance.

Although the companies have largely succeeded in avoiding outright dismissals, their actions have reduced the total number of jobs. This has resulted in part-time workers, who are often female or foreigners, losing their contracts.

Earlier this month, for instance, 200 Brazilian workers of Japanese descent lost their jobs at an auto-parts plant in central Japan to make room for Japanese employees transferred from the company's affiliate.

"Companies have already realized they have to restructure the employment system, but this process has to occur over time," Mr. Ueda said, noting the difficulties white-collar workers face in joining Japanese companies at mid-career. "The government must reform the system, but this will take at least four or five years."

The government, meanwhile, repeated its belief that recovery is just six months ahead.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Label	Chg
12	12	12	IBM	4.00	4.5	15	100	120	110	IBM	+
12	12	12	Microsoft	1.00	10	15	100	120	110	Microsoft	+
12	12	12	Apple	0.50	10	15	100	120	110	Apple	+
12	12	12	Oracle	0.50	10	15	100	120	110	Oracle	+
12	12	12	Sun	0.50	10	15	100	120	110	Sun	+
12	12	12	Novell	0.50	10	15	100	120	110	Novell	+
12	12	12	Lotus	0.50	10	15	100	120	110	Lotus	+
12	12	12	Perseus	0.50	10	15	100	120	110	Perseus	+
12	12	12	Electronic	0.50	10	15	100	120	110	Electronic	+
12	12	12	Software	0.50	10	15	100	120	110	Software	+
12	12	12	Computer	0.50	10	15	100	120	110	Computer	+
12	12	12	Systems	0.50	10	15	100	120	110	Systems	+
12	12	12	Int'l	0.50	10	15	100	120	110	Int'l	+
12	12	12	Software	0.50	10	15	100	120	110	Software	+
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12	12	12	Int'l	0.50	10	15	100	120	110	Int'l	+
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12	12	12	Software	0.50	10	15	100	120	110	Software	+
12	12	12	Systems	0.50	10	15	100	120	110	Systems	

NYSE

Friday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: 10 Month High, Low, Stock, Div, Yld, PE, 100, High, Low, Last, Close, Crs. Lists various stocks and their prices.

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INTERNATIONAL FUNDS

Oct. 29, 1993

Questions supplied by funds listed. Not asset value quotations are supplied by the Funds listed with the exception of some quotes based on later prices. The merged symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (bi) - bi-monthly; (M) - monthly; (F) - fortnightly (every two weeks); (S) - semi-regular; (h) - hedge weekly; (m) - monthly.

Main table of International Funds with columns: Fund Name, Class, Assets, and various performance metrics. Includes sections for EUROPEAN FUNDS LIMITED, AMERICAN FUNDS, and various international equity and bond funds.

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CD Pirates Make China a Home Port as Sales Soar

By Kevin Murphy
International Herald Tribune

HONG KONG — A recent and massive out in China's capacity to produce music compact discs is a further burden for an erational recording industry battling piracy in Asia and threats to profit margins at home.

China, a reluctant importer increasingly ried about "spiritual pollution" from eign cultural influences, is poised to ome a substantial bootleg exporter, nning from the record industry's great-potential market to one of its largest osts.

"It's a problem of staggering propor- ns that has emerged in a very short time," said Jay Berman, president of the rding Industry Association of Amer- "First we have to stop the piracy, then worry about market access."

The International Federation of the ographic Industry, which recently d its annual meeting here, estimates the ine market for illegally recorded mu-

sic at about \$380 million in 1992, about \$70 million more than estimates of its legit- mate market.

International unauthorized sound re- cording sales hit \$2.1 billion in 1992, and will increase next year, owing partially to China's increased output in the industry's fastest growing sector, according to the federation.

An upsurge in high-tech CD manufac- turing plants from three in 1992 to 26 now has industry executives worried China will swamp other markets with unauthorized recordings.

"Hong Kong CD sales fell by 22 percent in the first months of 1993," said Lisa Gordon, a federation spokesman. "We're sure it is because of illegal CDs coming from China. If Hong Kong plays its tradi- tional gateway role, we will see legitimate markets built slowly elsewhere greatly un- dermined."

Industry executives believe a decade of skirmishing with Asia's music pirates, of- ten helped by the sympathetic U.S. Trade

Department, has forced large-scale but il- licit operators to flee to havens in China.

The recent threat of harsh U.S. trade sanctions against Taiwan has prompted a migration of illegal CD factories to China's Guangdong Province and beyond. The fed- eration estimates China's demand for CDs at 2 million annually while its capacity has reached 100 million.

"We know who they are, but we've found it's being done with the cooperation of the Chinese governments," said Mr. Ber- man, a member of a federation delegation meeting senior Beijing officials on Sunday and Monday.

The international group hopes officials can improve an agreement struck with the Guangdong government last month that will see a special enforcement agency em- powered to protect intellectual property rights, including sound recording copy- rights.

A lack of progress on the issue could become one of several trade issues hamper-

ing China's application to join GATT and an improvement in China-U.S. relations.

The deputy U.S. trade representative, Charlene Barshefsky, said recently in Beijing that China had made a "very positive change" in its intellectual property rights legislation, but enforcement "is essentially absent."

Ms. Barshefsky also said the United States had a number of concerns about market access, another sore point for West- ern music executives who say an unwritten annual quota of about 120 new titles for all of China exists.

Beijing's recent moves to limit sales of personal communications equipment and ban satellite receiving dishes capturing television broadcasts from abroad signal that China hopes to close its doors to the global village, including music.

"The truth is there is very little access to this market," said Mr. Berman. "Most of the new titles are from Hong Kong and

Taiwanese artists. Western performers don't get much of a chance."

While CD penetration of Western music markets is still growing, profitability may be under some pressure, providing greater incentive to develop Asian markets, where far fewer CDs per person are now bought.

Regulatory groups in Britain and the United States are examining the pricing structure of a business whose impressive profit margins have boosted the record industry since consumers accepted the new technology.

"It's by no means over in the West," said Mark Finney, an analyst with Natwest Securities Ltd. in London. "But there is an awfully long way to go in Asia. Given its increasing personal incomes, it's certainly one of the markets the industry is counting on for growth."

Consumers in Taiwan and Hong Kong bought on average 2.1 new albums apiece in 1992, compared with 2.6 in Britain and 3.2 in the United States. In China, the figure was about 0.10.

Investor's Asia

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,326.10	9,010.30	+3.54
Singapore	Straits Times	2,103.93	2,101.73	+0.10
Sydney	All Ordinaries	2,112.20	2,076.30	+1.73
Tokyo	Nikkei 225	19,703.00	19,479.40	+1.15
Kuala Lumpur	Composite	971.99	946.72	+2.67
Bangkok	SET	1,290.91	1,239.18	+4.15
Seoul	Composite Stock	742.72	742.83	-0.01
Taipei	Weighted Price	4,086.17	4,065.67	+0.50
Manila	Composite	2,372.84	2,326.60	+1.99
Jakarta	Stock Index	466.15	465.11	+0.22
New Zealand	NZSE-40	2,169.77	2,131.18	+1.84
Bombay	National Index	1,282.30	1,286.40	-1.09

Sources: Reuters, AFP

Singapore Issue: Domestic Affair?

Bidders for Telecom Shares Include Few Foreigners

By Michael Richardson
International Herald Tribune

SINGAPORE — Heavy trading is expected Monday when shares of newly listed Singapore Telecommunications Ltd. begin trading, after strong bidding from Singaporean investors in a competitive tender offer.

In anticipation of large volume, the Stock Exchange of Singapore will lengthen its normal trading day of six and one-half hours to 12 hours, from 8 A.M. to 8 P.M., starting Monday, for as long as necessary.

But most of the interest in the shares has come from local investors, many of whom have been allocated shares by the government at a substantial discount.

Analysts said the response from foreign fund managers had been only lukewarm, with many failing to bid because they felt the shares were overpriced.

Investors, analysts said Friday, had effectively valued the company, which has a near-monopoly on telecommunication services in Singapore, at nearly \$5 billion Singapore dollars (\$34.7 billion).

The lowest successful bid for stock that was offered in a competitive tender to local and foreign individuals and institutions was 3.60 dollars a share.

That puts Singapore Telecom in roughly the same league as British Telecom, which is capitalized at about \$40 billion, and makes it bigger than most of the individual Bell companies that provide telecommunications services in the United States, said Haddon Zia, assistant director of Jardine Fleming Asian Research Ltd. in Hong Kong.

"Yet these companies have a much higher profit level, bigger networks and a lot more global reach than Singapore Telecom," Mr. Zia said.

At 3.60 dollars a share, Singapore Telecom is priced at nearly 49 times the net earnings of 7.4 Singapore cents a share forecast by the company for the year ending in March 1994.

"The perception of foreigners is that this is an expensive stock," said Donald Skinner, head of research at Credit Lyonnais Securities (Singapore) Pte.

"Singapore Telecom is a monopoly work-

ing in an attractive regulatory environment and will show solid growth," he said. But if you're an international fund manager, he said, "you've got more attractive options" in telecommunications stocks as well as other market sectors elsewhere in the world.

Brokers said trading Monday was likely to start above 3.60 dollars.

They said this would provide a strong incentive for the nearly 1.5 million Singaporean buyers who have received stock parcels from the government at preferential prices of between 1.90 dollars and 2.00 dollars a share to seek a quick profit.

Many are first-time investors who had been persuaded to take part by the recent rise

in the perception of foreigners is that this is an expensive stock."

Donald Skinner, head of research at Credit Lyonnais Securities (Singapore)

of the Singapore stock market to record levels and by a government program to promote share ownership by Singaporeans.

Mah Bow Tan, Singapore's communications minister, said Friday that the lowest successful tender price of 3.60 dollars a share was "higher than we originally estimated."

As a result, he said, he was sure that some Singaporeans would want to sell their stock to "take their stagging profit" despite government efforts to encourage long-term investment.

However, he cautioned that if as many as 10 percent of holders tried to sell Monday, it could make it difficult for the stock exchange to cope with the volume. The exchange hopes that the longer trading hours will take care of any such problem.

Announcing results of the tender portion of the issue Friday, Temasek Holdings Pte., the government company that holds the ma-

majority of the 15.25 billion Singapore Telecom shares, said that the offer, known as Group C shares, was more than five times oversubscribed. Most of the successful bids were for between 3.60 dollars and 4.00 dollars a share.

To accommodate demand, a decision had been made to increase the number of Group C shares to just over 650 million from 550 million when the offer was first announced.

Lim Song Guan, chairman of the Central Provident Fund Board, said 27 percent of the successful bids had been made through international marketing agencies commissioned to promote the issue to foreign buyers.

Other foreign buying may have been done through Singapore banks. Officials said figures on foreign and local buying in the competitive tender would be made available later.

Temasek Holdings also said that to satisfy demand from eligible Singapore members of the Central Provident Fund, the number of Group A shares would be increased to 837 million shares from 350 million when the public offering was announced.

The fund is a compulsory national savings and pension program. It has 1.75 million members.

Group A shares were sold at a fixed price of 1.90 dollars a share for a maximum of 600 shares a person. They were issued with a promise that 10 bonus shares would be issued for every 100 still held after the first, second, fourth and sixth years as an inducement to hold the stock for the long term.

Singapore citizens were also entitled to buy 200 million Group B shares at a fixed price of 2.00 dollars a share.

Brokers said they expected many investors holding Group B shares to seek a quick profit by selling Monday.

But they said large numbers of Group A and Group C holders would start selling only if the price rose to between 4.00 dollars and 4.50 dollars a share.

Mr. Zia said the issue had been driven by excess liquidity in Singapore. As a result, "the shares could go well into overvalued territory and remain there for an extended period of time," he said.

Friedman Says Beijing Still Controls Economy

Agence France-Press

HONG KONG — Milton Friedman, fresh from a trip through China, said Friday he saw few signs that the Communist regime is easing its firm grip on the economy, despite its claims of embracing bold reforms.

Referring in the face of recent up- beat analyses of China's economy, the 1976 Nobel economics laureate said real change could only come about if the regime gets out of the marketplace altogether.

"They have the words, but do they know the tune? It's not clear they do," Mr. Friedman told reporters after a weeklong trip that took him to Beijing, Shanghai and Sichuan Province.

"The answer to the question of how to go about getting a free-market system is very straightforward — you get the government out of the way and privatize, privatize, privatize."

Yet it remains "very hard to see" any moves toward free ownership of the mammoth state-run corporations which still dominate China's economy, he said. He last visited China in September 1988.

Mr. Friedman's measured views contrasted sharply with those given a few weeks ago by a Wall Street analyst, Barton Biggs, whose "maximum bullish" rating of China unleashed a tidal wave of U.S. funds into the Hong Kong stock market.

Mr. Friedman said he found the power of Chinese bureaucrats as strong as ever.

He also faulted China for routinely using the "blunt instrument" of austerity programs to ease demand for credit and cool down re- ccurring economic overheating.

He suggested as an alternative a strong central bank that would be responsible for the money supply, leaving commercial banks to set interest rates freely.

Very briefly:

- Hong Kong stocks spurted to an all-time high Friday on renewed buying from American and Japanese institutions and local investors. The blue-chip Hang Seng Index gained 318.82 points, or 3.54 percent, to close the week at 9,329.09, or 71.6 percent above its level at the start of 1993.
- Malaysia, saying its economic performance this year had exceeded expectations, cut taxes and boosted development spending in a 1994 budget that raises government spending 6.5 percent. Kuala Lumpur stocks surged 2.6 percent to another record close.
- Xinbuo, the Chinese government news agency, set up a subsidiary in Hong Kong, Fortune China Development Ltd., to offer investment advice, services and information to companies investing in the mainland.
- China is likely to abolish its dual exchange-rate system early next year, according to high-ranking Beijing sources quoted by the Hong Kong Commercial Daily, which is run by China.
- Nikon Corp. announced a pretax loss of 1.6 billion yen for the six months ended Sept. 30. The camera maker had profit of 1 billion yen a year earlier. Mitsubishi Heavy Industries Ltd. said pretax earnings fell 1.7 percent to 61 billion yen.

AFP, AP, Reuters

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Herald Tribune

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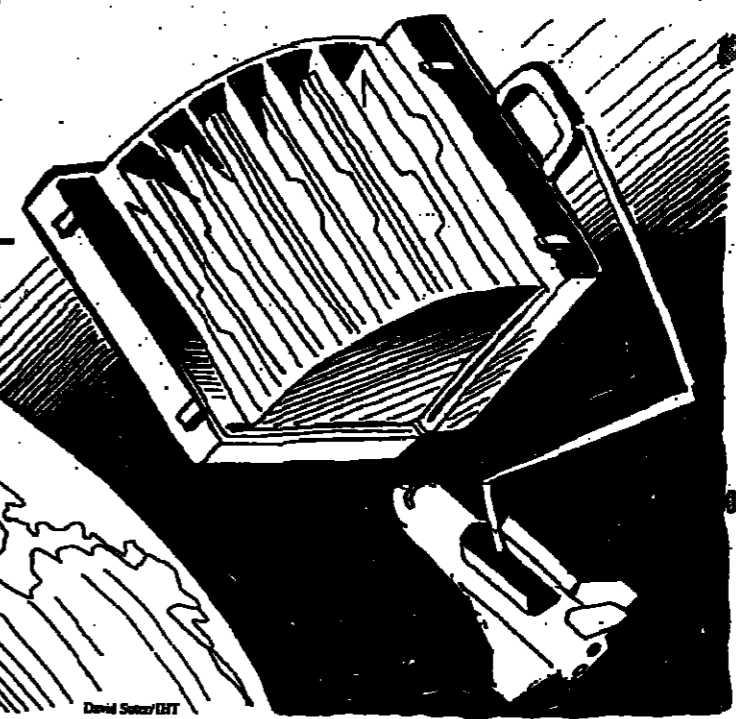
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AMEX Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect trades elsewhere. Via The Associated Press

Month	High	Low	Open	Close	Div	Yield	PE	Ratio
AAVE	110.00	108.00	109.00	109.00				
AAW	110.00	108.00	109.00	109.00				
AAZ	110.00	108.00	109.00	109.00				
AAE	110.00	108.00	109.00	109.00				
AAH	110.00	108.00	109.00	109.00				
AAI	110.00	108.00	109.00	109.00				
AAJ	110.00	108.00	109.00	109.00				
AAK	110.00	108.00	109.00	109.00				
AAQ	110.00	108.00	109.00	109.00				
AAW	110.00	108.00	109.00	109.00				
AAZ	110.00	108.00	109.00	109.00				
AAE	110.00	108.00	109.00	109.00				
AAH	110.00	108.00	109.00	109.00				
AAI	110.00	108.00	109.00	109.00				
AAJ	110.00	108.00	109.00	109.00				
AAK	110.00	108.00	109.00	109.00				
AAQ	110.00	108.00	109.00	109.00				
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AAE	110.00	108.00	109.00	109.00				
AAH	110.00	108.00	109.00	109.00				
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AAQ	110.00	108.00	109.00	109.00				
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AAZ	110.00	108.00	109.00	109.00				
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AAH	110.00	108.00	109.00	109.00				
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AAW	110.00	108.00	109.00	109.00				
AAZ	110.00	108.00	109.00	109.00				
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AAK	110.00	108.00	109.00	109.00				
AAQ	110.00	108.00	109.00	109.00				
AAW	110.00	108.00	109.00	109.00				
AAZ	110.00	108.00	109.00					

THE MONEY REPORT



FIRST COLUMN Insurance: A Modest Proposal

THE story is long, and getting longer. The moral, however, is as short as ever: For small investors, compensation, not regulation is the answer.

This week saw speculation that the BCCI affair may run on for another 10 years after a Luxembourg appellate court decided that the liquidators of the defunct bank had no right to sign an agreement with Abu Dhabi. The result is that there is a hope — albeit a "Bleak House," Jarmoyce v. Jarmoyce-style hope — that the aggrieved creditors may see more than the few cents on the dollar that the agreement would have yielded in the short term. So the waiting continues and the attorneys' billable hours accumulate.

The BCCI affair illustrates an important point for the small investor. Namely, that international investing is primarily for the wealthy and the sophisticated. The auditors of BCCI have received a lot of criticism, some of it fair. But even if the auditors were the rocket scientists of the accounting world, the hard question the small investor must ask is: "If they can't spot missing millions, how am I supposed to?"

The answer is that the smaller investor shouldn't be expected to know. The small investor should be protected, fully, up to, say, \$10,000. Beyond that, the critics who argue that financial safety nets are too expensive begin to be believable.

The big, sophisticated players don't need, don't expect and don't want regulation or protection. For that reason the foreign exchanges and the Eurobond markets are paradigmatic expressions of capitalism in action. The only rule is *caveat emptor*.

How could such a net be made? Easy. Go see an insurer. The reputable banks won't have to pay too much for a guarantee of just \$10,000 per depositor. Then it would be up to the world's regulators to make having insurance a kind of trading permit. No insurance, no permission to deal.

And who insures the insurers? That's another question.

M.L.B.

International Funds: An Expanding Universe

By Conrad de Aenlle

THE use of American marketing techniques is making it cheaper for Europeans to buy offshore funds. The discount brokerage Charles Schwab & Co. has recently extended its program of offering American mutual funds without sales loads or brokerage commissions to include a limited range of offshore funds open to foreign investors.

Fifty-five funds from the Rothschild, Guinness Flight and Wright Investors Service families are included in the new Schwab program, being run from the London office of the company set up in February. At first, most clients are expected to be British, but Schwab hopes to include more Continental Europeans over the next year when it opens offices in Frankfurt and Paris.

Roger Lillie, the Schwab official who opened the London branch, said the brokerage is proceeding slowly, waiting to see what sort of reception the program receives in Europe. Schwab clients own \$5 billion in funds bought during the 14 months the U.S. service has been operating. Its hopes in Europe are more modest: about \$100 million over the next couple of years.

"At the moment, we've only linked up with a very few groups, and then only in a few areas," Mr. Lillie said. For instance, the only Rothschild products offered are its currency funds. These, by the way, carry no sales charge, even when bought through other channels.

Also offered are a dozen country-specific equity index funds in the Wright family, which otherwise have "loads," the charges and fees attached to a fund, of up to 5 percent, and a wide range of Guinness Flight funds investing in stocks, stock sectors, bonds and currency funds. Schwab is receiving about 100 inquiries daily, although not all of those result in accounts being opened or material sent.

"The bulk of the interest has been in Guinness Flight products; we've received a lot of inquiries," Mr. Lillie said. "In the beginning we didn't offer the Guinness Flight managed currency funds, but we got huge demand for them and we were able to add those very quickly."

A.M. Moody, Wright's senior vice president for mutual fund administration, said

International Mutual Funds

- On other pages:
- P. 19 How to select a fund; key criteria and performance tables
 - P. 20 Performance measurement — absolute or relative? Are portfolio fund selectors worth the money?
 - P. 21 Playing by the rules in the money market.

his company had decided to participate with its country funds because "they fit very nicely into what Charles Schwab was trying to do, and we're glad to have the extra distributors. It gives us more assets, better performance of the funds and more income." Although it's still too early to tell how much business Schwab will bring in, Mr. Moody said, "we expect to see a substantial contribution."

In addition to winning new clients, fund providers benefit from a reduction in administrative hassle. "We'll have one account in Charles Schwab's name and they will do all the servicing of the account," Mr. Moody explained. As in the American version of the program, Schwab will handle those chores for a small percentage of the assets held. In the United States, this is as little as 0.25 percent each year. In Europe, Schwab representatives say, they will receive between 0.25 and 0.6 percent.

Participants see the arrangement as a win-win situation: The fund providers draw more money into their funds through the new distribution channel at minimal cost. Schwab makes money from the funds for servicing the accounts and, it's assumed, from other services the brokerage provides for customers who otherwise would not have walked through the door, and the clients get their fund shares cheaper.

Trevor Ash, managing director of Rothschild Asset Management, sees the Schwab effort as part of a trend in Britain toward giving the shareholder a better deal.

"Front-end loads are coming under pressure from investors," he said. "That move is going to continue, that direction will be

followed; we've removed loads on some of our funds. What Schwab is trying to do fits in with our thoughts on the future."

Intermediaries and some rival fund companies think Schwab hasn't grasped a few realities about investing in Britain: they doubt the service will succeed there.

"We think they've misread the U.K. market; that will work fine in the U.S., but we don't think that's an appropriate way to market products in the U.K.," said Judy Delafosse, speaking for Fidelity Investments, which is the world's largest provider of investment funds and has a large British operation. "The U.K. investor is a different type of investor, less financially aware than his American counterparts; he depends heavily on advice."

"We don't think it will take off, and we don't think large investment houses will join in. If we seriously thought it was a good idea and would work in the U.K. market, we would have done it already."

She pointed out that only 7 percent of fund sales are done through direct marketing by fund providers.

Joanne Hindle, chief executive officer of IFA Promotion, a group representing 4,000 British independent financial advisers, thinks along the same lines. "I think they will take a slice of the market, but I wouldn't predict it would be a very large slice," she commented. "The British just aren't used to dealing that way; it's not just selling something, it's changing the underlying culture."

She wishes Schwab well, all the same. If investors "know precisely what they're doing, we can quite understand what benefit they get from this execution-only service. The problem is by and large they don't understand what they're doing and they need help and advice."

"That may be true, but the help and advice investors get sometimes is no help at all and may do more harm than good. While the work done by independent financial advisers generally receives high marks in the financial services industry, they are not the only ones peddling investments. Others are tied to a

particular company, often an insurance group, and offer products only in that provider's line, even if the investor could do better elsewhere.

Mr. Moody thinks fund buyers are starting to catch on and are more willing to do their homework and shop around.

"Investors are getting more sophisticated," he said. "Clients used to just go by name, now they're looking more at performance and cost. As that grows, Schwab will be in a good position to get that business. They place great importance on suitability for the client. People are going to want to go to a place like Charles Schwab where they're not going to get sold something inappropriate."

Howard Flight, managing director of Guinness Flight, thinks that may prove especially true in Continental Europe, where funds tend to be sold by banks that offer only their own line.

"If you go to a Swiss, German or French bank, they won't let you buy anybody else's funds and they make you pay through the nose for their own miserable products," Mr. Flight remarked.

For that reason, he believes, Schwab's deepest impact is likely to be in Continental Europe and its typical fund customer will be the "international, slightly American, high-net-worth individual. That is ultimately likely to be Schwab's natural market, not the British retail market."

Reaching those customers requires overcoming regulatory quirks in various jurisdictions. "At the moment the funds are not available to people who reside in France or Hong Kong," Mr. Lillie said. "We actually got into this crazy situation where our lawyers told us we couldn't invite anybody from French papers to our press conference; it's the craziest thing I've ever heard of."

Mr. Lillie says the brokerage would like to bring new fund families into the program, but slowly.

Mr. Flight said he has long counseled Charles Schwab, the brokerage's founder, to make a forceful entrance should he try to breach the Atlantic: "I've always said to him he must come and take Europe by storm one of these days. My gut vision is he is one of the few people that might blow apart the banking oligopoly in Europe."

European No-Load Funds

CURRENCY MONEY FUNDS Guinness Flight International (Currency Specific Denomination) US \$ Sterling Yen Guinness Flight Global Strategy (US \$ Denominated) Managed Currency Rothschild Asset Management Old Court International Reserve (Currency Specific Denomination) US Dollar Sterling Yen Deutsche mark	Global High Income Fund US Dollar Bond Fund Yen Bond Fund European Bond Fund CONVERTIBLE FUND Guinness Flight Global Strategy (US \$ Denominated) Global Convertible Fund EQUITY FUNDS Guinness Flight International (US \$ Denominated) International Equity Fund Guinness Flight Global Strategy (US \$ Denominated) Global Equity Fund American Blue Chip Fund Japan Fund European Fund Equifax: Wright National (Currency Specific Denomination) Australasian Natl Equity Sub-Fund	Dutch Fund Natl Equity Sub-Fund Hong Kong Natl Equity Sub-Fund Indian Natl Equity Sub-Fund Spanish Natl Equity Sub-Fund UK Natl Equity Sub-Fund Austrian Natl Equity Sub-Fund French Natl Equity Sub-Fund German Natl Equity Sub-Fund Japan Natl Equity Sub-Fund Guinness Flight Global Strategy (US \$ Denominated) American Smaller Companies Fund ASPAR Fund Australasia Fund Hong Kong Fund Japan Smaller Companies Fund Japan and Pacific Fund Global Energy Fund Global Gold Fund Global Leisure Fund
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1992	\$44,539
1991	\$42,810
1990	\$37,253
1989	\$32,605
1988	\$32,434
1987	\$31,311
1986	\$23,793
1985	\$18,632
1984	\$13,539
1983	\$13,124
1982	\$12,403
1981	\$11,667

1980 US\$10,000

intensive economic, monetary and political analysis work to the maximum advantage of our funds.

Our funds offer the opportunity for greater potential gains than those available from single currency funds and they provide a lower risk alternative to global equity and bond funds.

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TITLE _____ INITIALS _____ NAME _____

ADDRESS _____

CURRENCY 1716-93

* Source: Manager's published prices for the International Accumulation Managed Currency Fund. Gross income reinvested, offer to 30th June 1993, using last calculated price for each year: 1993 calculation as at 31.12.93. Five year performance: 7,185.4% (1988-1992). Past performance is not necessarily a guide to the future. The value of this investment and the income arising from it may fall as well as rise. This advertisement has been issued with the approval of Guinness Flight Global Asset Management Limited, a member of Guinness and Leisure and Investment Services, Guinness Flight International Accumulation Fund Limited and Guinness Flight Global Strategy Fund Limited — both Guinness FI Authorized Collective Investment Schemes and UK Investment Collective Investment Schemes under Section 97 of the UK Financial Services Act 1986. 1 Top performing fund in Guinness' Managed Currency Fund Sector 2 years to 31.12.93. Minimum investment: Sterling £5,000, US \$15,000.

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THE MONEY REPORT



David Sauer/ITB

With 22,000 Funds, Finding One for You

By Philip Crawford

WITH more than 22,000 funds now available on the international marketplace, picking one to invest in is becoming an increasingly daunting endeavor, even to the somewhat experienced investor. Just getting started involves running a gauntlet of decisions.

How much money to put in? How much risk to court? A short- or long-term play? A "name" fund company or a newer, unknown one? Is there a particularly attractive geographical area or industrial sector to invest in? Where can good, independent advice on fund managers and their track records be found? The list seems endless.

Some experts say that there's one decision that must be made before all others: Whether to seek advice from a professional financial adviser or to try to pick a fund on one's own, using the financial press and the wide array of newsletters that offer investment advice.

"It's kind of like deciding whether to do your own tax return or your own auto repairs," said Betty Hart, a spokesman for the Investment Company Institute, the trade association for the U.S. mutual fund industry. "But if you're even considering undertaking it yourself, you need three things: Time, a certain degree of knowledge, and a

real interest in researching things yourself. If you lack any one of those qualities, you should go to an adviser."

One place to start for those who choose to do their own research are the fund performance tables published in newspapers and magazines by fund tracking organizations such as Microcap, Morningstar, and Lipper Analytical. Such tables can at least give the self-researching investor an idea of which funds have performed well over short- and long-term periods, and what their rates of return have been.

The problem with using only performance tables, of course, is that past returns are not necessarily an indicator of future ones. A fund that catches one's eye because it has returned 40 percent over the past six months might be at the end of an upward climb and headed south. The huge growth of many emerging markets funds over the past year, for example, has set fund industry analysts astir, trying to gauge how much growth can be left.

"Beginning investors often get attracted by a specific result," said Peter Jeffreys, managing director of Fund Research Ltd., a London firm that provides detailed fund analyses to brokerage houses, financial advisory firms, and institutional investors. "They see that

Hong Kong is up 20 percent in a month, and they say, 'Hey, I'd like some of that.' But such an approach is dangerous because the greatest wave of optimism often marks the top of the market. We know now that the best time to have bought Hong Kong was the day after Tiananmen Square, but no one did it because everyone was afraid to."

Mr. Jeffreys said that even if market conditions favored continued high returns from a fund that had already enjoyed a good run, investors interested in the fund should check with the sponsor to see if the same manager who achieved those returns is still on the job. He noted that his own firm's research focuses more on fund manager profiles than on portfolio analysis, since portfolio holdings are always in flux. Mr. Jeffreys added that many internationally available investment newsletters are of high quality and can be of great help to the do-it-yourself fund chooser.

Investors currently have hundreds of publications to pick from that analyze funds. Some are published by the fund-tracker themselves, such as Microcap's monthly Emerging Markets Monitor, and the bi-weekly Morningstar Mutual Funds newsletter. The advantage of such publications over the promotional material put out by banks and fund companies is their independence: They're not trying to sell funds, only research.

There's even a publication to help investors choose which newsletters to subscribe to: The Hulbert Financial Digest, based in Alexandria, Virginia. The digest evaluates the advice of 145 investment publications.

"Basically, we show you what you would have made if you had invested according to the advice of each newsletter," said Donna Westemeyer, a spokesman. "It's easiest to do with the newsletters which have model portfolios, but for those who don't, we can construct one based on their opinions."

The do-it-yourself fund investor should also closely examine the charges and fees attached to a fund, known in the industry as "loads," as they can vary widely even in funds that have identical investment objectives. Explanations of load structures are typically found on a fund's formal prospectus sheet. And obviously, say experts, tabs should be kept on the overall global economic outlook and interest rate picture, as the relative attractiveness of equity funds, bond funds and money market funds ebbs and flows along with those forces.

Investors who lack either the time or inclination to do their own fund research will find an entire industry of advisors wanting to sell them professional advice. Often, say industry analysts, beginning investors will simply ask a friend for the name of a reputable fund company or bank that sells its own funds, and then proceed to give the

institution a ring. This approach, say many experts, is exactly the wrong thing to do. Why? Because such institutions are not exactly the most objective analysts, being naturally interested in selling their own products.

In the United Kingdom, a professional investment counselor is designated an "independent financial adviser," or IFA. The qualifications of such counselors, of which there are about 40,000 in Britain, are overseen by the British Securities and Investments Board.

"Such advisers can often give excellent counsel on how to choose the right fund for you," said Mr. Jeffreys of Fund Research Ltd. "In the United States, professional investment counselors go by such designations as "chartered financial consultant," or ChFC, and "chartered financial planner."

Such advisers are regulated on the state and on the federal level.

"The first thing I ask clients in helping them choose a fund is how much risk they can tolerate, because some cannot tolerate any," said Alice Lawrence, a Massachusetts-based chartered consultant. "Then we talk about long-term versus short-term. Then I might bring up the names of some funds I'm familiar with which have good track records over long periods of time. Past success doesn't guarantee future success, of course, but its one of the few objective measures which anyone choosing a fund has to go by."

Best Performing Mutual Funds			
Leading mutual funds from Belgium, Canada, France, Germany, Ireland, Italy, Luxembourg, Offshore Territories, Switzerland and the United States. Funds are ranked according to performance, including charges.			
Over one year to Oct. 16, 1993			
Fund	Assets	Performance	Volatility
Mercury Gold & Silver	286.45	266.45	11,202
JF Malaysia	225.05	225.05	7,138
Cibo-Cel Malay Trust-Sing Water	221.70	221.70	11,259
Gem Singapore & Malaysia	246.89	246.89	5,485
Singapore Securities Ltd	242.57	242.57	14,249
London Strategic Inv	242.57	242.57	—
JF Eastern Europe	238.59	238.59	5,544
Credit Lyonnais Singapore Gr	225.05	225.05	0.0
Investment Asia Pacific	223.96	223.96	13,486
JF Far Eastern Vietnam	223.96	223.96	—
Barclays ASB Malaysia	223.96	223.96	5,595
JF ASEAN	218.71	218.71	—
Thomson New Tech Singapore	218.71	218.71	—
TSB Off Pwr Australia	218.71	218.71	5,928
Mercury Gr Singapore & Malay	218.71	218.71	0.0
JF India Pacific	214.18	214.18	—
Fidelity Asia Malaysia	214.18	214.18	—
Thomson New Tech Singapore	214.18	214.18	—

Over three years to Oct. 16, 1993			
Fund	Assets	Performance	Volatility
TSB Off Pwr American	425.27	425.27	8,923
Quantum Fund	425.27	425.27	7,300
Fidelity Select Home Fin	395.25	395.25	8,076
Thomson Hong Kong Galaxy	382.78	382.78	5,023
Fidelity Eds Hong Kong & China	375.59	375.59	11,011
JF Far Eastern Vietnam	365.27	365.27	13,486
Gartmore Hong Kong	365.27	365.27	7,517
Colonial Securities Hong Kong	365.27	365.27	8,004
Schroders Asia Hong Kong	365.27	365.27	5,595
Panman Asia Oppor	365.27	365.27	8,004
Fidelity Asia Pacific	365.27	365.27	0.0
V Hancock Sp Equity	365.27	365.27	8,278
Fidelity Select Div Growth	365.27	365.27	5,291
Prof Capital Hong Kong	365.27	365.27	8,004
CGM Capital Development	365.27	365.27	7,286
Thomson Opportunity (B)	365.27	365.27	—
Fidelity Select Fin Ser	365.27	365.27	—

Over five years to Oct. 16, 1993			
Fund	Assets	Performance	Volatility
Quantum Fund	444.90	444.90	7,500
GNI Spread	444.90	444.90	5,251
Cibo-Cel Hong Kong Water	444.90	444.90	11,259
Gem Singapore & Malaysia	444.90	444.90	5,485
Gartmore Hong Kong	444.90	444.90	7,175
Credit Lyonnais Singapore Gr	444.90	444.90	5,544
Indonesia Hong Kong	444.90	444.90	8,004
Schroders Asia Hong Kong	444.90	444.90	5,385
Baring Int Malaysia Sinc	444.90	444.90	5,120
Colonial Securities Hong Kong	444.90	444.90	6,004
Thomson Hong Kong Galaxy	444.90	444.90	8,073
Bank (FC) Asia Trust	444.90	444.90	5,595
JF Far Eastern Vietnam	444.90	444.90	4,523
Morgan Grenville Asia Gr	444.90	444.90	16,485
Baring Int Europe	444.90	444.90	5,723
Asia Int Asia Pacific	444.90	444.90	—
JF ASEAN	444.90	444.90	—
JF Eastern	444.90	444.90	—

Over ten years to Oct. 16, 1993			
Fund	Assets	Performance	Volatility
Baring Int Hong Kong	444.90	444.90	5,723
Schroders Asia Hong Kong	444.90	444.90	5,685
Schroders Asia Pacific	444.90	444.90	4,223
Old Court Hong Kong	444.90	444.90	5,282
Gartmore Hong Kong	444.90	444.90	7,157
Fininvest Hong Kong Ltd	444.90	444.90	8,225
JF Pacific Growth	444.90	444.90	7,098
Wardley Gr Asian Equity	444.90	444.90	0.0
JF Pacific Income	444.90	444.90	4,555
JF Philippines	444.90	444.90	5,806
JF Hong Kong	444.90	444.90	5,023
CGM Special Situations	444.90	444.90	4,522
Wardley Gr Asian Equity	444.90	444.90	3,407
JF Eastern	444.90	444.90	—
S&P South East Asia Growth	444.90	444.90	6,580
CGM Special Situations	444.90	444.90	—
MSG Richard & Gere	444.90	444.90	—
Investco Hong Kong & China	444.90	444.90	—

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For Nontraditional Funds, Movement Means Money

By Rupert Bruce

MENTION the words "hedge fund" and most people call to mind George Soros, the Hungarian-born architect of the Quantum Fund, and a few other well-known names. But they are just the tip of the iceberg. A small sector of the investment management industry — loosely termed "nontraditional asset management" — is growing at a phenomenal rate. And it is being driven chiefly by demand from wealthy individuals.

What binds together the two types of nontraditional asset management — futures and hedge funds — is the fact that they do not rely on any market marching forward upwards to make money. As long as there is movement they can make money. As such, they are said to produce absolute performance rather than performance relative to a stock, bond or commodity market index.

This may also be part of the secret of their recent success. David Ginsberg, the London-based head of the multimanager program at Global Asset Management, known as GAM, attributes the growing demand partly to low fixed interest returns. But he also believes that "in a small way there is a realization that absolute rather than relative rates of return are realizable and make sense" in the attitude of institutional investors which, if it continues, could lead to a huge increase in the size of the sector.

Alan Brody, a senior vice president of Lehman Brothers with responsibility for managed products in Europe and Asia, said the increased demand was largely due to an atmosphere of less confidence in equity and fixed income markets in the next five years. He added that Lehman was seeing buoyant demand for its nontraditional and innovative funds, like the Global Advisors Portfolio, from Europe, Southeast Asia, North America and Latin America.

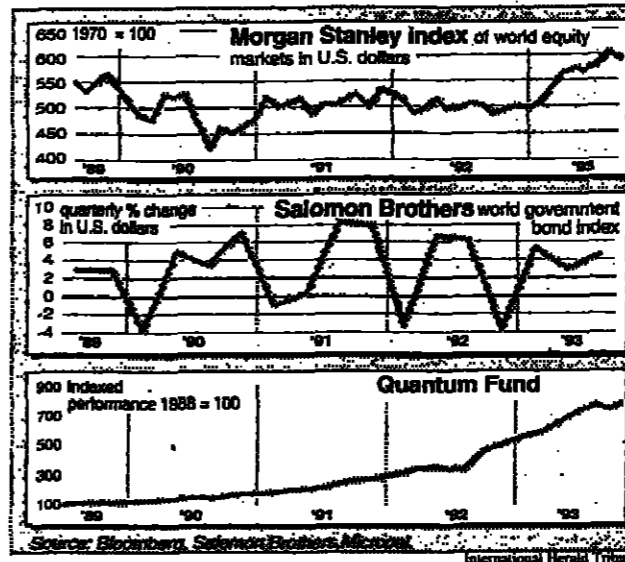
But amid this better-sketched growth, the definitions of what is a hedge fund, what is a futures fund and so on are getting clouded. "The boundaries are blurred and there are areas of overlap," Mr. Ginsberg said.

Broadly speaking, though, hedge funds were originally described as funds that use derivatives or short positions in stocks to hedge their risk. Today, however, they may use loans to enhance their performance — be it positive or negative.

Derivatives are contracts for the right to buy, sell or require future delivery of a commodity or financial instrument, while short sales or positions are the sale of borrowed stock in hopes of repurchasing it later at a lower price.

Futures funds are not quite what they sound either. They may use futures, other derivative instruments, cash instruments, or forward positions.

In addition, the risk profiles of these funds vary enormously. While one hedge fund might aim for returns of up to 80 percent in a year, with correspondingly high



It's No-Risk, Well, Sort Of

THE arcane and complex world of specialist risk fund management is a little larger this week, with the launch of a new guaranteed fund from the international fund arm of E.D.&F. Man. The firm has a well-known range of products, called the Mini series and Mini Guaranteed Global Financial 2003 is the latest addition.

The new fund is slightly unusual in that it will invest exclusively in financial instruments, concentrating on stock indexes, interbank currency and interest rate contracts. Most of the other funds in the series also use contracts based on commodities.

The objective of the fund is to achieve substantial capital appreciation before 2003, when investors are guaranteed the return of their original investment. The risk — without which there can be no profit, whatever the arbitrage geniuses might say — is that the speculative investment side of the fund falls. In which case, investors will have lost the use of their money for a decade and will be the victims of inflation during that period. The possible gains are substantial, providing the managers find the right investment mix.

The fund has a maximum capitalization of \$20 million, with a minimum investment of \$30,000. The return of capital, for investment units held to maturity in 2003, is guaranteed by Barclays Bank.

For more information, contact your local E.D.&F. Man office, or a broker specializing in this area. In Europe, London-based broker Rostron Parry (tel: 44 71 490 8062) is marketing the funds.

'Portfolio Services': Just Another Layer of Management?

By Digby Larner

WHO needs it? That is the question investors should be asking the growing number of brokers and investment managers now marketing "portfolio services" for fund investment. Investors are asked to pick a particular strategy, usually related to the amount of risk that they are prepared to take, and a supposedly appropriate portfolio of funds is then bought.

The increasing popularity of these services has caused a heated debate about how useful they are. On one side are the managers themselves who claim that an actively managed portfolio is the most effective way of investing in managed funds. On the other side are those who claim managed funds already supply the necessary management skills and that portfolio services are simply another way of charging investors more.

Both arguments have some merit. Portfolio managers point to the problems of choice caused by the huge number of managed funds now on the market. In particular the many specialized funds available can make choosing one almost as tricky as picking individual stocks.

Judy Delaforce, product development manager with Fidelity Investments in London outlines the

problem. "Anyone investing in a Southeast Asian fund during the last two years may have enjoyed tremendous returns but they would also have been exposed to a high degree of risk. A well-managed portfolio would help spread the risk."

She adds that a good portfolio manager should be able to judge when to move in or out of particular funds — something most private investors rarely have the time or expertise to do.

The critics accuse portfolio managers of "churning" — industry slang for buying and selling funds unnecessarily in order to generate commission income. While this may be true of some managers, most maintain that investors would quickly spot changes made for anything but the purest of investment motives.

Portfolio services divide broadly into two types depending on whether they are offered by private client stockbrokers or fund managers. Those sold by fund managers tend to group investors into portfolio models rather than create individual plans. The manager offers a range of portfolio types and the investor chooses the one most closely matching his needs.

Nicholas Hollings, who advises clients investing in James Capel's Jersey-based funds, says investors fall mainly into only a few narrowly defined bands.

"Although some people say they want a more personalized service than the one we offer," he said, "there aren't really that many objectives in the equity market."

By using portfolio models managers say they can keep costs low. The annual charges on portfolios offered by fund managers range from about 0.5 percent to 1.5 percent. Added to this are the charges levied on the underlying managed funds.

This economy of scale also means minimum investment levels are lower than for fully tailored portfolios. While portfolio services from fund managers can start at \$15,000 or less, individually managed portfolios can require invest-

ments upwards of \$100,000 to make the charges cost-effective.

According to Mr. Hollings, people with portfolios offered by big fund managers can also benefit from negotiated discounts on large deals. "Getting out of a fund at the right price is very important and is something that can be negotiated by a manager with stature."

He says the level of discounts can often make up for the management charges on a portfolio.

Managers offering only in-house funds in their portfolios also claim to have a pricing advantage. Brokers or financial advisers would clearly have to pay more than the fund manager to gain access to the same funds.

But although there appear to be advantages in using the services offered by large fund managers, Rachel McGill of M&G in London believes they encourage investors to place too much faith in a single company.

"At M&G, we do not offer investment advice to clients because we feel clients should spread their investments," she said. "We would prefer people to seek independent advice. We're very supportive of that market."

She added that another disadvantage of being invested in a large portfolio is that investors often

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سكوا من الأصل

THE MONEY REPORT

The EC vs. Investors

By Digby Lerner

WHAT does the future hold for money market and currency fund investors? International pressure — notably from Germany — for stricter control, regulation and taxation of such funds has been mounting in recent weeks. Talk had reached the point where some industry commentators were predicting that investors seeking attractive cash funds offering the double benefit of currency hedging and no withholding tax would soon be forced offshore.

But this week it looks as though a (possibly temporary) truce may have been called between the regulatory authorities and the currency fund managers. The president of the European Commission, Jacques Delors, has begun a campaign ahead of Friday's European Community summit meeting in Brussels to reintegrate progress toward a single European market. Market observers were relieved to find that references are now being made to "investors" and "managers" as opposed to "speculators."

A little over a month ago, Mr. Delors flummoxed over the way the exchange-rate mechanism of the European Monetary System had been targeted by what he called "golden boys" determined to make a fast buck out of European currency problems. At the time he was reported to be in favor of applying temporary capital controls to thwart the likes of the well-known currency fund manager George Soros.

Other EC officials moved quickly to distance themselves from the

idea, and Mr. Delors' chief spokesman claimed that the speech these conclusions were drawn from was misinterpreted by journalists.

But in spite of the denials, analysts are becoming nervous. Some believe there is growing sentiment in the Community that capital controls would be a good thing.

Neil Mackinnon, chief economist with Citibank in London, says although such controls are unlikely to happen immediately he is worried by the way discussions about them have re-emerged.

"In the aftermath of the de facto breakup of the ERM," he said, "the possibility of capital controls has certainly moved upwards on the policy agenda for many of the governments and central banks throughout Europe."

If they are implemented, Mr. Mackinnon fears they will cause more problems for private investors than for the supposed speculators they are aimed at.

Worst affected would be those invested in currency funds. "It would have considerable implications for investors in Europe. The obvious worry would be the risk of finding their money is locked in or that they suffer an exchange-rate loss when they move it. Certainly these restrictions are not conducive to an integrated capital market."

"Investors would attempt to withdraw their money and funds going into some countries could dry up."

With the increased number of retail currency funds in recent years more "ordinary" investors than ever are using foreign currency exposure as part of their financial plans. Apart from internation-

al investors who use currency funds as a way of matching their overseas assets and liabilities there are those invested in managed currency funds geared to providing capital growth by switching between currencies.

"The speculators during the ERM crisis," Mr. Mackinnon said, "were only reacting to what was clear to the market anyway. They were mainly fund managers and corporate traders, people who had an interest in preserving their balance sheet and who have to take currency decisions because of the integrated nature of capital markets."

He contends the ERM was damaged solely by the failure of European monetary policy rather than speculation.

But although capital controls are being more widely discussed, many analysts believe they will not be applied as long as the EC's aim of a single financial market is kept alive. So far this is clearly the case.

Paul Turle, managing director of Tyndall International Bank in the Isle of Man believes that moves to liberalize the European market will make it almost impossible to impose capital constraints. A growing number of his clients are taking advantage of the bank's multicurrency facilities.

"Our clients may be paid in dollars but have a mortgage in France," he said by way of an example. "How could the EC come up with something that allowed the free movement of funds for valid reasons, but prevent speculators?"

If anything, he says, the movement of capital needs to be made even freer than it already is.

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Capital investment	none	Capital investment	\$15,200	Capital investment	none
Regular investment	1993-2001 \$9,149	Regular investment	\$5,839	Regular investment	none
2001-2002	\$9,643	2001-2002	\$6,144	2001-2002	none
2002-2003	\$10,138	2002-2003	\$6,449	2002-2003	none
2003-2004	\$10,633	2003-2004	\$6,754	2003-2004	none
2004-2005	\$11,128	2004-2005	\$7,059	2004-2005	none
Total fees paid	\$141,658	Total fees paid	\$141,658	Total fees paid	\$141,658
Total investment	\$89,621	Total investment	\$75,522	Total investment	\$89,621
Savings	\$52,037	Savings	\$66,136	Savings	\$52,037

School Fees: They Don't Have to Hurt So Much

By Barbara Wall

MANY parents will be put off giving their children a private education because of the expense. But if you are based overseas on a long assignment the financial sacrifice may be worth it, if you want your child to receive an uninterrupted education in English.

With most annual fees now ranging from \$8,000 to \$10,000 (\$12,000 to \$15,000) in senior boarding schools, according to the independent Schools Information Service, based in London, funding fees out of future current income may not be an option, especially when you consider that fees in the United States and Britain have risen, on

average, by 10 percent a year since the mid-1980s.

The fact remains that only 25 percent of parents plan school-fee payments in advance, according to a survey by the Independent Schools Information Service. Yet, funding school fees in advance out of a capital sum, income, or a combination of the two can reduce the final cost by half or even two-thirds, according to the report.

Few parents will save for all of the fees. Even if your investment plan covers a percentage of the cost, the fee burden will be considerably reduced. The illustration above shows how this can be achieved.

Traditionally, the most popular way of stretching income to provide school fees was to set up a series of endowment policies so that one policy matured for each year's fees. The most tax-efficient method for using such policies is to ensure that they run for at least 10 years. If school fees are due before the endowment surrender date, a loan can be arranged and secured against the surrender value of the

policy. Offshore investors can opt for a hybrid policy that may, at a later date, be converted into an offshore qualifying life policy.

If you have left it too late, or are simply unwilling to commit the money to school fees, you may feel more comfortable investing in an offshore unit trust or one of the money umbrella funds operating out of Luxembourg or the Channel Islands. Although these policies are tax-free offshore, you may be faced with a tax bill in your host country. In some countries, Belgium for example, you can deduct the money used for fees for tax purposes.

"The advice given to U.S. foreign nationals has to be more circumspect due to their complex tax position," said Peter Lewison, a school fees specialist with the British accounting firm, BDO Binder Hamlyn. "We tend to steer our U.S. clients away from collective investment vehicles towards direct investments in equities."

You can opt for an "off the shelf" school fee equity investment plan, or, arrange your own investment portfolio in such a way that it

can be plundered for school fees when they are due.

Eagle Star International, among others, offers a range of offshore risk-rated investment funds that are geared toward school fee planning. They include guaranteed accumulation funds that are invested in triple A-rated Euro market securities, a low-risk blue chip fund, international funds from which you choose the level of investment potential that best suits your needs and a medium-risk performance fund that will include a proportion of fixed-interest stocks as well as international equities.

Most of the investment vehicles currently marketed under the school fee umbrella are straightforward savings plans that happen to be suitable for school fee planning. The exception to this is the educational trust, which capitalizes on the charitable status of some British schools to reduce the cost of these fees.

A capital sum is invested through an educational trust, and this buys a guaranteed annuity that is used to fund fees as they arise.

Income tax, deducted from the taxable element of annuity payments, can be reclaimed, but this could change under a future Labor government. There is also an inheritance tax liability that should be considered.

The market is full of weird and wonderful school fee plans with various whistles and bells attached. As most are a combination of straightforward savings vehicles in gimmicky wrappings, you may find that your existing investment portfolio is flexible enough to meet the cost of private education.

"We often find that clients have existing investments which are overlooked in the panic to fund school fees. Remortgaging property in the client's home country may be all that is required to pay for your child's education," said a spokesman for Swire Fraser, an investment management company based in Britain.

Many schools are willing to offer discounts if the parents pay a capital sum in advance. The discount will depend on the amount paid and the prepayment date.

BRIEFCASE

Rare Chance for Philatelists At Auction in Switzerland

For stamp collectors and investors, it's almost like the Mona Lisa coming up for auction.

On Nov. 3 at the Hotel International in Zurich, Switzerland, the "Mauritius 1847 Post Office Issue Bordeaux Cover" will be sold by the philatelist auctioneer David Feldman SA. The cover (the philatelic term for an envelope to which a stamp is affixed), features both a "penny red" and a "two-penny blue" stamp, and is an acknowledged gem of the philatelic world.

Three other Mauritius 1847 "Post Office Issue" stamps, out of 21 known to exist, will also be sold, two of which have received preauction bids of \$1 million Swiss francs (\$675,000) each. Stamp experts said this week that while the overall stamp market is

struggling, a record price of \$4 million to \$6 million francs could be achieved this week for the Bordeaux cover, as a handful of major players are expected to vie for the rare Mauritius specimens.

Singer & Friedlander Opens Fund Holding Asian Shares

Singer & Friedlander Investment Funds, a London-based mutual fund firm, is launching a new fund investing in shares traded in Asian countries, but excluding Japan.

"With confidence returning to stock markets worldwide, and Western countries recovering slowly from recession, we expect to see major growth from Asia over the next few years," said Tony Fraher, managing director of Singer & Friedlander.


Minimum investment in the "Tai Pan" fund is £1,000 (\$1,500); initial charge is 4.5 percent, annual charge 1.5 percent.

For more information, write Singer & Friedlander, 21 New Street, Bishopsgate, London EC2M 4HR; or call London (44 71) 867 8777.

Micropal Bulletin Evaluates Funds in Emerging Markets

Investors seeking worthwhile information on the markets that the Singer & Friedlander fund, mentioned above, is investing in would be well advised to contact Micropal, a global fund-monitoring and economic research firm that has just published the latest edition of its Emerging Market Fund Monitor.

For more information write Micropal, Commonwealth House, 2 Chalkhill Road, London W6 8DW; or call London (44 81) 741 4100.



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سكوا من الأصل

SPORTS

It's Montana vs. Mitchell

Marino's Backup Should Keep Chiefs Alert

CHIEFS (5-1) at DOLPHINS (5-1); KEY STAT: Kansas City's Joe Montana needs eight completions to become fourth QB with 3,000 (Tarkenton, Fouts, Marino); Dolphins' 41 points vs. Colts most in a game since '87. **COMMENT:** This game was supposed to feature Montana vs. Marino but now it is Montana vs. Mitchell. This lefty quarterback is mobile, makes good decisions and is surrounded by flexible players that he can complement. Expect a Dolphins' quick start—they have outscored opponents 61-14 in the first quarter. Expect pressure on Montana—Miami has 10 sacks in its last two games. The odds are even.

COWBOYS (4-2) at EAGLES (4-2); KEY STAT: Cowboys' Troy Aikman is hitting 67.4 percent of his passes in league's No. 1 pass offense; Eagles Ken O'Brien in 11 seasons has 125 touchdowns, 96 interceptions. **COMMENT:** Dallas has won four straight games; it has a three-game win streak vs. Philadelphia. The Dallas offense is featuring balance and production while the defense is jelling. O'Brien should lift the

SAINTS (5-2) at CARDINALS (2-5); KEY STAT: Saints have won three straight over Phoenix by combined score of 85-31; Cardinals' Gary Clark has 18 catches and no touchdowns. **COMMENT:** "It's time for concern but it's not time for panic," said Saints coach Jim Mora after New Orleans dropped its second straight game, this one at home to Atlanta. New Orleans threw 45 passes and ran 12 times in that loss. The Saints must get back to a solid ground game, and quarterback Wade Wilson must capitalize on field position. Saints by 34.

CHARGERS (2-4) at RAIDERS (4-2); KEY STAT: Chargers swept Raiders last season for first time since 1987; Raiders are only AFC West team that has not allowed Marion Butts a 100-yard rushing game. **COMMENT:** Not only has San Diego allowed the most points in the division (127) but it has also scored the fewest (84). Look for the Raiders speed at receiver and strength in the pass rush to swing the game L.A.'s way. The Raiders lead the league with 26 sacks, 10 by defensive end Anthony Smith. Raiders by 42.

RAMS (2-5) at 49ERS (4-3); KEY STAT: Los Angeles has dropped five straight to San Francisco; 49ers lead NFL in first downs, averaging nearly 22 per game. **COMMENT:** In the 49ers' victory over Phoenix, Steve Young threw for 247 yards, two touchdowns and no interceptions. Jerry Rice caught nine passes for 155 yards and Ricky Watters ran 20 times for 95 yards. Quarterback T.J. Rubeley makes his first Rams' start. He has a strong arm but is overmatched in trying to keep pace with the 49ers' offense. 49ers by 13.

SEAHAWKS (4-3) at BRONCOS (3-3); KEY STAT: Seahawks are over .500 after seven games for first time in five years; Broncos' three losses came by total of 14 points. **COMMENT:** Denver is still smarting from a spanking by the Raiders two weeks ago. Of course, the Raiders' win on a fluttering, last-second, long field goal by Jeff Jaeger, but before that, the Broncos' pass protection collapsed. Seattle has a nice pass rush but nothing like the Raiders'. Denver must get more balls to rookie back Glyn Milburn. That will open rushing and passing lanes everywhere. Broncos by 84.

LIONS (5-2) at VIKINGS (4-2); KEY STAT: Lions' Barry Sanders leads NFL in rushing and is 274 yards shy of 1,000; Vikings had Bears to 87 rushing yards on Monday night. **COMMENT:** First place is up for grabs in the NFC Central and Minnesota enters with a 10-game win streak in the division. Credit Vikings defensive coordinator Tony Dungy with again assembling a hard-hitting, opportunistic crew: the Vikings front four smashed the Bears and it will be critical in stuffing Sanders. When the Lions can't run, they look to receiver Herman Moore, but the Viking have the No. 1 pass defense in the NFL. Vikings by 42.

REDSKINS (1-5) at BILLS (5-1); KEY STAT: Redskins' Brian Mitchell leads team in all-purpose yards with 613; Bills have allowed AFC-fewest 77 points. **COMMENT:** Buffalo has beaten Super Bowl foes Dallas and the Giants and now wants to complete the circle vs. the Redskins. You can expect Washington—with an extra week of preparation—to put together its best game of the season since its Monday night win over Dallas in the season opener. The deafening Rich Stadium crowd noise in the final quarter will prove a key against the Washington offense. So will the running of Thurman Thomas. Bills by 92.

These matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's.

NFL MATCHUPS

Eagles offense because he reads defenses better than Bobby Brister and is more patient. His mobility is lacking, however, and look for Dallas to blitz. Cowboys' receiver Michael Irvin vs. cornerback Eric Allen is the marquee matchup in this game. Cowboys by 10.

JETS (2-4) at GIANTS (5-1); KEY STAT: Jets in loss to Buffalo had four rushing first downs and allowed 12; Giants only team with different backs gaining consecutive 100-yard games (Rodney Hampton, Lewis Tillman). **COMMENT:** The Jets have no chance in this game unless they not only match the Giants in physical play but also rely on the running game first. That's what the Giants will do. Giants by 7.

BEARS (3-3) at PACKERS (3-3); KEY STAT: Bears are 3-0 when winning turnover near, 0-3 when losing it; Packers kicker Chris Jacke is 11 of 12 in field goals. **COMMENT:** Not only did the Bears offense tie a club record by allowing nine sacks in its Monday night loss to Minnesota, but it was also thoroughly outplayed by the Vikings. In nearly half of its plays, Chicago either lost yards or barely reached the line of scrimmage. Sure, sloppy line play is at fault, but also, obviously, the wrong plays were being called. Watch Packers' receiver Sterling Sharpe, a game-breaker fresh off a four-touchdown game vs. Tampa Bay. Odds-makers have made the Packers 6-point favorites.

PATRIOTS (1-6) at COLTS (2-4); KEY STAT: Patriots have allowed scores on all 21 possessions inside the 20; Colts' Jeff George has two of five career 300-yard passing games vs. Patriots. **COMMENT:** The Indianapolis offense is surging under George. He had three touchdowns in its first five games and then four, with George starting, in its loss vs. Miami. George looks for more and against the New England defense, he is looking in the right place. Colts by 74.

BUCCANEERS (1-5) at FALCONS (2-5); KEY STAT: Buccaneers safety Joe King is used for the NFC lead in interceptions with three; Falcons' quarterback Bobby Hebert has eight TD passes and receiver Andre Rison seven TD catches. **COMMENT:** Coaches Sam Wyche and Jerry Glanville do not share a field without seeking to rub salt in each other's wounds. The Falcons have rediscovered their running game behind Eric Pegram and their defense has improved in two consecutive wins. The Falcons offense vs. the Tampa Bay defense is where the game is won for Atlanta and lost for Tampa Bay. Falcons by 92.

Pitt Provides Relief at Last for Coach Majors

EAST RUTHERFORD, New Jersey — Johnny Majors avoided what would have been the longest losing streak of his 26-year coaching career as Pitt snapped a six-game slide with a 21-10 victory over Rutgers.

Majors had lost six straight twice before, mostly recently in 1988 when Tennessee dropped its first six games. On the other occasion, Iowa State dropped the final five games in 1968 and the opener in 1969.

On Thursday night, the Panthers (2-6, 1-3 Big East) forced four turn-

overs by Rutgers (4-4, 2-2) and made two excellent defensive stands early when the Scarlet Knights had great field position. Rutgers managed three points early and the Panthers came back to score the next 21 points with freshman Billy West sandwiching two short TD runs around a 3-yard scoring pass from John Ryan to Junior Green.

West, subbing for injured Curtis Martin, gave the Panthers a 21-3 lead with a 2-yard drive on the opening series of the second half.

Ray Lucas, who split time at

quarterback with Bryan Fortney, got Rutgers back into the game on the next series with a 40-yard scramble for a TD after avoiding a sack.

The Scarlet Knights, who hadn't had a turnover in their last four games, got the ball inside the Pitt 30 on its next four possessions but failed to come up with points.

Both of Pitt's victories have come on Thursday night on the road against heavily favored opponents. The other was a season-opening 14-10 surprise over Southern Mississippi.

A Name Game Over Baseball's New Commissioner

By Murray Chass
New York Times Service

NEW YORK — With the names of supposedly prospective candidates beginning to surface, the man most baseball club owners want as their next commissioner has reiterated that he does not want the job. Despite reports to the contrary, Bud Selig said he has not changed his mind.

"That is absolutely not correct," Selig, the acting commissioner and owner of the Milwaukee Brewers, said Thursday when told that people close to the owners said he was prepared to take the job. "My position has not changed. I don't know why anyone would say it has, certainly not by anything I've said or done."

U.S. Olympic Committee executive director Harvey Schiller wasn't saying anything, but New York Yankees owner George Steinbrenner said Schiller was "under consideration"

for the position. One person said Schiller was told that he is one of three finalists.

Steinbrenner, who is not a member of the committee but is a vice president of the USOC, said of Schiller: "He's a doer. He's a get-things-done guy. He's been a tremendous executive director."

"I'm not going to say anything," Schiller said when asked about the reports.

William Bartholomay, chairman of the committee searching for a commissioner, said the committee was working with a list of six candidates.

Early last month, he said the list was down to five or six names but that it could change. He said Thursday that four of the names remain the same, but two are new.

"We're into deep background checks now," Bartholomay said. "We're having smaller, more active one-on-one meetings with prospective candidates. We're still on a

timetable to have someone by early December or thereabout."

He acknowledged that a woman was on the list, but he wouldn't identify her any more than he would anyone else. Lynn Martin, a secretary of labor in the Bush administration, has been widely mentioned.

Two people not in baseball but with close ties to owners said earlier this week that Selig was now prepared to take the job that has gone unfilled since Fay Vincent resigned under pressure nearly 14 months ago.

Further, according to those people and another person in baseball, Bartholomay would become deputy commissioner to balance the representation of the American and National Leagues in the commissioner's office. Selig's Brewers are an AL team and Bartholomay is chairman of the Atlanta Braves of the NL.

"That's the first I heard of this," Selig said

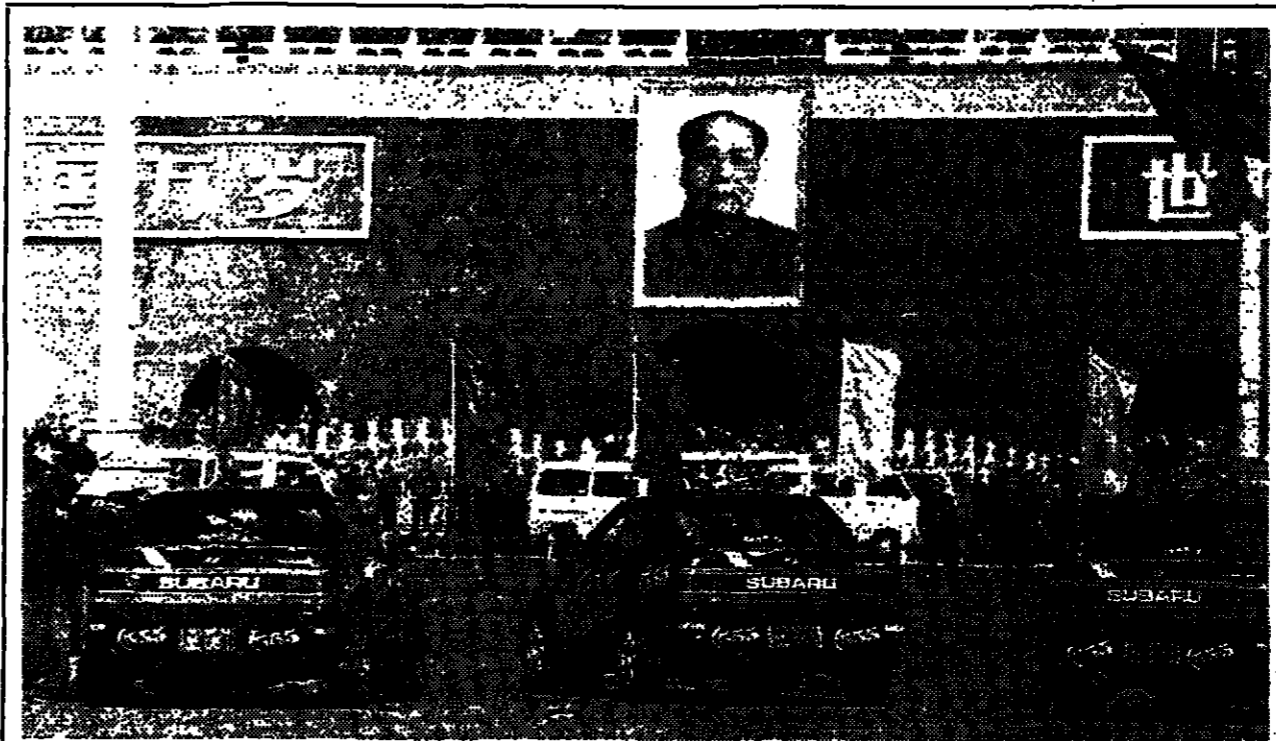
of the Bartholomay part of the report. Bartholomay also said he was hearing it for the first time, saying, "I'm not even sure we're going to have that office."

During the owners' meetings in Boston last month, Bartholomay said that if Selig wanted the commissioner's job, he would quickly be approved.

"Absolutely," Bartholomay said Thursday when asked whether that view still held. "I think he's doing a great job. There's no doubt he has tremendous support for becoming our next commissioner officially."

Other names that are mentioned most widely as possible candidates are Dick Ebersole, president of NBC Sports; Paul Kirk, former chairman of the Democratic National Committee; and Richard Thornburgh, a former U.S. attorney general.

More precise information has not emerged from the search committee.



CARS AND THE CHAIRMAN — The Hong Kong-Beijing rally ended Friday on Tsimshen Square beneath Mao's portrait, with a one-two-three finish for Subaru, led by Ari Vatanen of Finland. He took the lead Thursday after trailing for most of the 3,865-kilometer rally, and won in 5 hours, 13 minutes, 40 seconds, ahead of Scotland's Colin McRae and New Zealand's Possum Bourne.

Top Rookie In AL: Angels' Tim Salmon

ANAHEIM, California — Tim Salmon, a can't-miss prospect who lived up to his billing, has been unanimously voted American League Rookie of the Year, the first California Angels player to win the award.

Salmon, a third-round selection by the Angels in the 1989 amateur draft, hit .263 with 95 RBIs and 31 homers, tied for ninth in the AL.

Chicago White Sox pitcher Jason Bere was runner-up.

Salmon joined Mark McGwire (1987), Carlton Fisk (1972) and Sandy Alomar Jr. (1990) as the only AL rookies to win unanimously.

"Going into spring training, I wasn't trying to reach any marks," Salmon said by telephone from Hawaii, where he's vacationing. "I wanted to get my feet wet, get a rhythm going, get myself comfortable in the box every day."

"This is something you dream about achieving, maybe after four or five years in the game, but not in my rookie year."

Salmon missed the final two and a half weeks of the season: An injury after hitting a grand slam in the Angels' 15-1 rout of Seattle on Sept. 15, he broke his left ring finger while fielding a line drive.

He came up to the Angels after hitting .347 in 1992 at Edmonton, leading the Pacific Coast League in homers with 29 and RBIs with 105.

He hit just .177 in 23 games with California in late 1992, but was assured a starting spot in their outfield for 1993.

3 Rounds of Blows for Women's Rights

The Associated Press

EDMONDS, Washington — Dallas Malloy wanted to prove a point by being allowed inside a boxing ring. Her father, Bruce Malloy, filed a suit on her behalf in March against the International Amateur Boxing Association, USA Boxing and the North-

west association, asking them to change their rules and allow females to box.

In May, Judge Barbara Rothstein of U.S. District Court granted a preliminary injunction allowing Malloy to box, saying it was likely she would win the case because barring females violates state laws against discrimination.

The trial is scheduled for Dec. 20, but USA Boxing's governing body voted this month to establish a boxing program for women.

for membership because she is female. As a nonmember, Malloy could not compete in the Pacific Northwest Amateur Boxing Association. The ACLU and a Seattle lawyer, Suzanne Thomas, filed a suit on Malloy's behalf in March against the International Amateur Boxing Association, USA Boxing and the North-

"That was a great victory," Malloy said. "It took a long time, but it was something I felt I had to do. I feel proud I was the person who did it and it's all over. Now, no one else has to do it."

"Dallas is a winner already," Thomas said. "Dallas wasn't looking for any personal gain other than to get into the ring. She knew what the roadblocks were, but she was willing to fight the roadblocks."

Malloy, who stands 5 feet, 4 inches and weighs 139 pounds (1.62 meters, 63 kilograms), quit Sehome High School after her sophomore year because she felt she was not learning anything. Her father, Jim McCleery, is director of information technology at Skagit Valley College in Mount Vernon.

Malloy said she first began having thoughts of getting into the ring 18 months ago. And when she saw the movie classic "On the Waterfront," in which Marlon Brando plays a boxer named Malloy, she had her name legally changed.

Poyner does not think Malloy has an edge in ring experience, although Malloy has been training in the ring for 18 months and Poyner did not begin training for her first fight until July.

"But I've been doing martial arts and kick boxing for the past three years," Poyner said, "and kick boxing is almost identical to boxing because it's about 75 percent hands."

'I love this sport. I haven't gotten in the ring yet, but I know it's going to be exciting.'

Dallas Malloy

DENNIS THE MENACE



WHEN THEY OPEN THE DOOR, LET ME DO THE TALKING 'CAUSE PIRATES DON'T SAY 'BOO!'

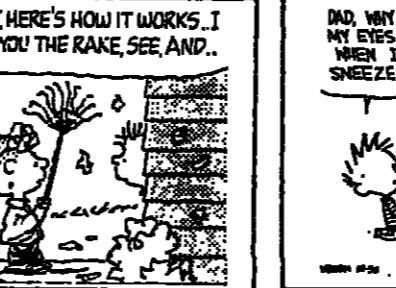
PEANUTS



WHAATEVER



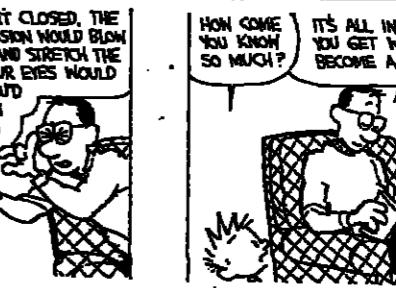
OKAY, HERE'S HOW IT WORKS...



CALVIN AND HOBBES



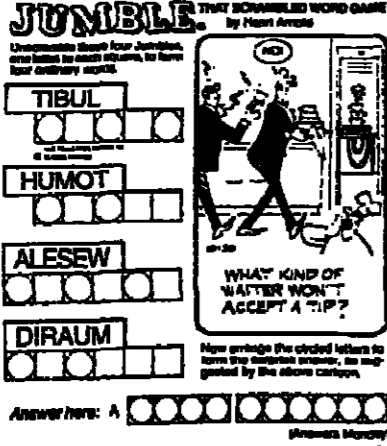
IF YOUR LIPS WEREN'T CLOSED...



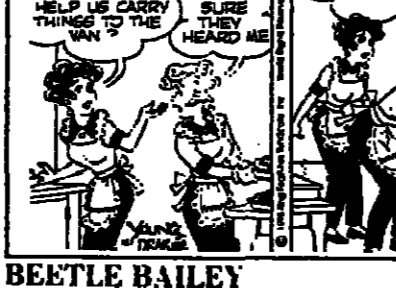
HOW COME YOU GET SO MUCH?



JUMBLE



BLONDIE



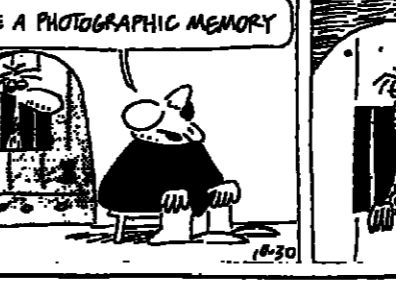
OH DEAR, THIS CAME HAS FALLEN!



BE SURE CAN'T BEAT THAT AT THE PARTY!



NOW THAT THEY HEARD



I HAVE A PHOTOGRAPHIC MEMORY



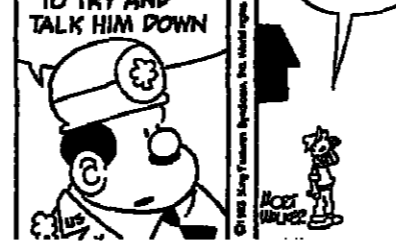
...SO WHAT?



COOKIE GOT SO PEP UP WITH COMPLAINTS ABOUT HIS FOOT...



WHAT ARE YOU DOING ABOUT IT?



PVT. BAILEY VOLLTBERED TO TRY AND TALK HIM DOWN



REX MORGAN



THERE YOU GO, BATTLE—NO HARD FEELINGS?



I FORGIVE YOU, FRIEND—NOW WHERE ARE THE STONES?



DOONESBURY



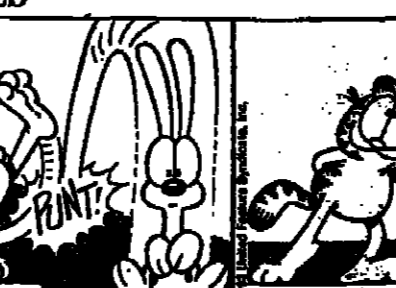
AND THIS IS ME AND JOHN WARRIOR... I'D LOVE TO HELP YOU OUT...



IF YOU WANT I COULD SEND YOU UP FOR ONE OF OUR HOT TRIGS...



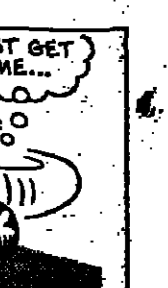
LET'S SEE... HOW ABOUT WE HELD... MOOD... HISSING...



UHM... I DON'T THINK I'M AN... TURE ENOUGH... WHO YOU OUT... A GEAR AND... SURPRISE!



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SPORTS

Soccer's Big Night: 9 Berths at Stake

LONDON — After the Asian desert shootout, the World Cup qualifying circus turns back to cooler European climes with all eyes focused on Nov. 17, when the nine remaining finalists will be decided. International heavyweights Italy, the Netherlands and France should qualify on that night...



South Korea's players had a lot to celebrate: a place in the World Cup finals, and a boost for their nation's bid to stage the event in 2002.

Korea Gains on Japan for 2002 Cup

DOHA, Qatar — Japan woke up from its World Cup nightmare on Friday to face a snowballing challenge from South Korea to stage the finals in 2002. FIFA has stated that the 2002 World Cup will most likely be held in Asia and last week FIFA's general secretary, Sepp Blatter, said during a visit to Qatar that Japan was almost halfway on the road to staging the finals...

campaign strategy," he said. "Any joint bid will be a matter of natural development. Korea is one country. There is very high tension on the peninsula and if football can contribute to peace and stability that's good. FIFA will be glad to contribute to that purpose of peace and stability by having the 2002 World Cup on Korean soil."

Japan and South Korea have both staged major events successfully in the recent past with Seoul hosting the 1988 Olympic Games and Tokyo the 1991 world track and field championships. Tokyo was the first Asian city to host the Olympic Games in 1964.

SIDELINES

Sotomayor and Teammates Turn Professional, Sort Of

MADRID (AP) — World-record holder Javier Sotomayor said Friday that he and six other Cuban athletes would not be paid under an unprecedented agreement allowing them to compete for a professional Spanish track and field club.

IAAF Accepts China Women's Records

BEIJING (Reuters) — Spectacular world records set by Chinese women runners in September in the 10,000-, 3,000- and 1,500-meter races have been formally ratified, China said Friday.

Senna-Irvine Bout Draws Inquiry

PARIS (Combined Dispatches) — Ayrton Senna and Irish driver Eddie Irvine were summoned Friday to an official inquiry into an incident at the Japanese Grand Prix when the Brazilian punched his rival after winning the race.

Gallagher Leads Tour Championship

SAN FRANCISCO (Reuters) — Jim Gallagher fired a course record eight-under-par 63 to jump to a substantial lead after the opening round of the season-ending \$2 million Tour Championship.

Rominger Will Dismount in 1996

S'ONEY (Reuters) — Tour de France runner-up Tony Rominger said Friday he would retire from cycling when his \$4 million contract with the Spanish-Italian team Clasp Mapei expires in 1996.

For the Record

Poland's weightlifting federation said it had accepted the resignation of the national team coach and given up plans to hold next year's European championships after its suspension over a doping scandal.

SCOREBOARD

Table with columns for Hockey, NHL Standings, Eastern Conference, Western Conference, Pacific Division, Thursday's Results, and NBA Preseason.

TRANSACTIONS

Table listing baseball transactions for various teams including Baltimore Orioles, Boston Red Sox, Cleveland Indians, Detroit Tigers, Kansas City Royals, Milwaukee Brewers, New York Yankees, Philadelphia Phillies, Pittsburgh Pirates, St. Louis Cardinals, Tampa Bay Devil Rays, Toronto Blue Jays, and Washington Nationals.

STOCKHOLM OPEN

Table listing tennis players and their partners for the Stockholm Open tournament, including names like Magnus Larsson, Mats Wilander, and others.

Thanks Be to Iraq, America's Savior World (Cup) Is Safe for Democracy

By George Vecsey New York Times Staff Writer NEW YORK — Iraq has done one huge favor for the United States, saving this soccer-deprived republic from even being asked to host the 1994 World Cup tournament. As it happened, Billy Payne, the president of the Atlanta committee, was in New York on Thursday. "We shouldn't necessarily panic," he said. "The Olympic Games are not the World University Games or the World Cup. The Olympic Games are all about bringing people together, to bring about peace. You do not have that unmitigated mandate in other events."

Herald Tribune advertisement for Frankfurt office, including contact information for subscriptions and advertising.

International Classified advertisement listing various services such as escorts, guides, and travel agencies across different cities.

Advertisement for dining and entertainment venues in Paris, including James Joyce Pub, Carr's, The Studio, and various restaurants.

Advertisement for 'TO OUR READERS IN AUSTRIA' with contact information for subscriptions.

Advertisement for dining and entertainment venues in Rome, including Le Western, Chez Fred, and others.

DAVE BARRY

Cowports and Brooms

MIAMI—Lately a lot of media attention has been focused on the Midwest, so I felt that it would be a good idea to go out and personally review the situation in the Midwest. Here is my report:

FRIDAY: I arrive in Champaign, Illinois, and proceed to the University of Illinois agriculture school, where I am greeted by Dan Weber and Jeana McAllister, who wrote me a letter claiming that the university has cows with research port-holes installed in their sides.

Dan and Jeana introduce me to George Fahy, professor of animal sciences, who informs me that the holes are installed because scientists are very interested in finding out what goes on inside the cow digestive system.

Fahy leads me to a cow named Fussbudget, who is very large, a cud-chewing aircraft carrier. In Fussbudget's left side is a port-hole, maybe eight inches in diameter, with a rubber plug in it. Fahy tells me that Fussbudget doesn't mind the port-hole, but I'm not so sure. If I were a huge hoofed animal, and humans had put a port-hole in my stomach, I'd PRETEND not to mind, but I'd definitely be plotting to stamp some random human until he had no more skeletal structure than a bag of grits.

"What gender is Fussbudget?" I ask. "He used to be a boy," says Laura Bauer, a lab technician. So Fussbudget has TWO reasons to want revenge.

Now Bauer is removing Fussbudget's plug. And now she is REACHING INTO THE HOLE. "You can see what he just ate," says Bauer, pulling out some dark-green material. "Gack," I remark.

But it's clear that these people expect me to put my hand inside the cow. I put on a long plastic glove and approach Fussbudget, who is eyeing me with a giant cow eyeball.

Squinting hard now, I stick my hand into the mass of dark-green glop. It feels, to use a scientific term, really yucky in there. It's also warm. In fact, it's almost HOT. Plus, I can smell methane. Fearful an explosion (scientists call this "The Big Moo"), I pull my arm out.

This is when Tom Nash, manager of the Beef Research Farm, tells me about a recent incident wherein a 4-H club was checking out Fuss-

budget's interior, and Fussbudget coughed, and a young man standing in front of the port-hole was covered with stomach contents.

"If he had a date that night," says Nash, "he didn't anymore." I leave the University of Illinois with a new appreciation of the benefits that agriculture will someday provide, especially in the field of interrogating captured spies.

SATURDAY: I am now 30 miles down the road in Arcola, Illinois, to attend the annual Broom Corn Festival and march in the Broom Corn Parade with Arcola's world-famous Lawn Rangers, a top precision lawn mower drill team. This is my third year as a Ranger. I've tried to talk my wife into going to the festival with me, but she resists.

"It's just a bunch of guys who drink beer and push lawn mowers around and act juvenile," she says. "Yes!" I say.

Anyway, the Rangers do more than just "push lawn mowers around." We also carry brooms, and we perform precision broom-and-lawn-mower maneuvers. Plus, this year we are marching with a get ready—a 10-foot-high painted concrete statue of Elvis. It belongs to Clark and Sandy Stafford of Seneca, Illinois, and it is available for rent. It's mounted on a trailer, facing backward, and it weighs 5,000 pounds, almost as much as the King himself near the end.

It's difficult, using mere words, to describe the scene as the Rangers, more than 50 strong, stride in two columns down the parade route, pushing our mowers in front of us, raising our brooms on high at the command "Brooms Up!"; meanwhile, bringing up the rear, glinting in the Midwestern sun, is Elvis's giant concrete butt.

VERY EARLY SUNDAY MORNING: After an evening of fellowship with the Lawn Rangers, I return to my room at the Arcola Inn, which is also where Elvis is staying. Looking out my window, I can see him on his trailer, gazing into the distance, as if waiting for somebody to deliver a giant concrete pizza. I reflect back on my trip—on Elvis, the Lawn Rangers and Fussbudget the cow. Things are good here in the Midwest. Weird, but good.

Knigh-Ryder Newspapers

Gielgud, 89, Reflects on Theatrical Reign

By Mel Gussow

BUCKINGHAMSHIRE, England—Sir John Gielgud is surrounded by echoes and reverberations from his past. A long afternoon's conversation in his baronial home flows from Kenneth Branagh to Sarah Bernhardt, doubling around two world wars and crisscrossing a lifetime in the theater. With his precise, vivid memory, he carries with him the history of the English theater in the 20th century.

The actor's fifth "King Lear," in a radio production directed by Kenneth Branagh, is scheduled to be broadcast by the BBC on April 14, Sir John's 90th birthday. Other plans are afoot to honor him that day, including a tribute at the Haymarket Theatre in London, all of which he has actively discouraged: "I said, don't celebrate. If I can manage to go on working, it's much more interesting. One of the things one does enjoy in old age is being able to make excuses not to do things you don't want to do."

It was almost 20 years ago that Sir John moved out of London to his home near Aylesbury for the serenity and solitude of the country. The actor does not miss London, with its reminders of his personal losses. "Every street in London is full of memory," he says. "I've lost so many dear friends—Peggy Ashcroft, Ralph Richardson, Laurence Olivier, Michael Redgrave. Looking back his emotion, he adds, "Thank goodness Alec Guinness is going strong." The poignance is especially keen for someone like Sir John, for whom the theater has always been a family.

His house, which was built in the 17th century and once belonged to Sir Arthur Bryant, the historian, is Sir John's own. Brideshead, the flourishing garden is decked with flowers, trees and statuary. A peacock strides the grounds, like its elegant master, who remains slender and stately, unbowed by his years. While Sir John enjoys the seasonal changes of his garden, he keeps his distance from the horticulture. The garden is the invention and preserve of his companion, Martin Hensler.

Walking through his ornate sitting room, he heads for a small snug room under a balcony. Though he wears a tweed jacket, a sweater and corduroys, he is chilled by the early fall air and turns on a heater in the fireplace. His Tibetan terrier bark in the background, but soon a quiet settles over the house. Sitting on a small sofa, Sir John lights the first of many filtered Turkish cigarettes.

He says that he has few interests outside his profession and that those mostly overlap with theater. He reads three or four



Sir John Gielgud relaxes at his baronial home in Buckinghamshire, England.

books a week and is as addicted to show business biographies as he is to Anthony Trollope. He devours the theater reviews in the London newspapers. In his eighth decade as an actor, he is still stage-struck.

A large television set dominates the room, and Sir John says he often watches it when he is at home between acting assignments. His favorite show? "Cheers." When it is suggested that if the "Cheers" people had known about this predilection, they would have certainly invited him to drop by the bar, he says that he had actually been waiting for a call from his other favorite, "Dynasty."

Since his last stage performance, in "The Best of Friends" in 1988, he has concentrated on film and television. He recently spent three days acting in the British television series "Lovejoy" and made an appearance as a rare book dealer in a Disney detective thriller called "Stick With Me, Kid."

"I've got a new agent," he says. "Maybe he thinks it's important to make a little money out of me before I go." Reminded that his first acting teacher told him he walked "like a cat with rick-ets," he says: "I had terrible trouble with

my movement when I was young because I never did any sports. I can't swim, I can't ride. I should have forced myself. And I got much too fond of my voice. I sang all my parts."

Sir John's voice is, in fact, one of the great glories of the English theater, and his eloquence continues unabated. Even as he hesitates about more demanding roles, he has made a library of literary recordings: the Book of Genesis, "A Tale of Two Cities," "Alice in Wonderland," Oscar Wilde short stories and "Brideshead Revisited." He has taped three Shakespearean plays for Branagh.

"Years ago during the war," he says, "I found a little play by Chekhov called 'Swan Song,' about an old actor left in the theater, who gets a bit drunk and does some speeches from Shakespeare. I adapted it and played it for the troops. Suddenly, Branagh rang up and asked me to do 'Swan Song' for television. I jumped at it."

Then Branagh asked him to play the Ghost in his recorded "Hamlet," and when he added that he was also going to do "Romeo and Juliet," Sir John volunteered to play Friar Laurence. Next came the radio "Lear," with an all-star support-

ing cast including Emma Thompson, Judi Dench and Eileen Atkins as the king's daughters. "Lear's a part I love," he says. "I knew it."

With a laugh, he recalls his famous response to Michael Hordern when Hordern asked him for advice on how to play Lear: "All I can tell you is get a light Ophelia." Ophelia? He quickly corrects himself: "Cordelia!" When Robert Stephens's recent performance as Lear at Stratford-upon-Avon was mentioned, he said, knowingly, "He had somebody else carry her on."

For Sir John, theater has always been a group activity. It is a reason he also had mixed feelings about his virtuosic one-man evening of Shakespeare, "Ages of Man," which he began touring in the late 1950s. It was, he says, lonely.

Looking back at the beginning of his career, Sir John talks about his first silent film, in 1925, "Who Is the Man?" in which he played a dope fiend, a role originally performed on stage by Sarah Bernhardt. That, he says, "was the most ridiculous part I played on screen."

Sir John is famous for his faux pas, which have been called Gielgud brycles. Many years ago, while having lunch with the playwright Edward Knoblock, he said about a man entering the restaurant, "He's the biggest bore in London, second only to Edward Knoblock." Then, realizing whom he was with, he said, "Not you, of course. The other Edward Knoblock."

"I'm terribly impulsive and speak very quickly and impetuously," he says. "I don't mean to hurt people. I don't do it maliciously. But I put my foot in quite a good deal."

When he is not working, he "passes the time rather agreeably, as long as one doesn't brood too much about death and the unhappy things of one's life," he says. "I get moments of great depression," he continues. "Fortunately, I've had very good friends who have been critical of me. They haven't flattered me too much so that I acquired a sense of my own importance. That's a danger for an actor."

"If you've lived through two wars as I have, it makes you feel what an unimportant, small thing theater is. I couldn't discuss Bosnia or South Africa, but I do watch the news on television. Terrible news. It seems to be that my boyhood days in the Edwardian era were halcyon days."

Putting on a jacket and placing a cap on his head, he walks outside to his garden. His face seems ruddy in the late afternoon light. Stopping on a path, he gazes into the distance and says: "It was all neither what we came here. A wilderness! And they have carved out an empire."

The country squire suddenly looks like a king surveying his kingdom.

PEOPLE

New Mexico Rap Lovers Disarmed by Dr. Dre

The rap artist Dr. Dre and his mellow tunes of Peter, Paul and Mary all had the same disarming effect on music-loving gun owners, who were given the chance to trade firearms for free concert tickets in Albuquerque, New Mexico. Dozens of guns were turned in for tickets in a no-questions-asked deal.

Britain's fashion glitterati turned out to honor Eleanor Lambert, 90, the American fashion arbiter who started the International Best Dressed List in 1940. She received an award from the London Businesswoman's Network.

With nationalist emotions running high two weeks before a referendum on whether Puerto Rico should remain a U.S. Commonwealth, seek to become a state, or become independent, Mr. Obama's liberties with the island's flag have created an uproar. The legislature condemned her for carrying herself with a flag at a concert earlier this week. David Noriega, an Independence Party legislator, called her action a "monumental lack of respect for our country."

When filming begins next month in the Florida Keys on Arnold Schwarzenegger's new movie, "True Lies," producers will be bending over backward to pass muster with Florida's environmental regulators. The Keys are a national marine sanctuary, and as a result, a car that is to driven over the side of a bridge will be first steam-cleaned and sealed to prevent leaks of oil or fuel, then lifted out by barge, not dragged across sea grass.

Ann Landers and Dr. Ruth have some advice for lovers. Landers advocates masturbation as a "safe and safe alternative to intercourse" for people concerned about AIDS. Dr. Ruth, campaigning against the spread of hepatitis B, advises, "People should have a relationship before they go to bed together. You ought to know the person you wake up in the morning with."

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WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

Table with columns for Europe, Asia, Africa, Latin America, and Oceania, listing cities and weather forecasts.



North America: A blast of cold Canadian air will overcast the East this weekend. Record low temperatures are likely west of the Appalachians. The first snows of the season will occur in the central and northern Appalachians this weekend. Sunday will be the last hot day for a while in the West.

Europe: Much of Europe will continue to be dry and mild Sunday. London and Paris will have some sunshine and mild afternoons into Monday. Few showers are possible by Tuesday. Rain over northern Japan Sunday will be swept out to sea Monday. Tropical Storm Iris may bring wind and rain to the northern Philippines.

POSTCARD

In Pisa, Pile of Lead Is Taking Lean (a Bit) Out of Tower

By Alan Cowell

New York Times Service

PISA, Italy—It might be termed a triumph of physics and engineering over time and gravity. It might also be called something of an extravaganza.

But, however it is appraised, the gray 400-ton mass of lead ingots stacked at the base of the leaning tower of Pisa has achieved its goal: the tower has not, so far, toppled over.

What's more, reversing 800 years of the tower's slow tilting, the ingots have begun to pull the 57-meter (187-foot) pillar of white marble back toward the vertical.

The change is less than one-sixth of an inch from the 5 meters by which the top of the tower overhangs its base, but it is cause for celebration.

those who want to save the tower have won "5 or 10 years" in which to search for a more elegant and enduring solution than the lead ingots, which act as a counterweight to the tower's own 14,000 tons of marble.

In a land where conservation and preservation often fall prey to politics or procrastination, the experiment seems a departure from what Culture Minister Alberto Romceja called the "superhuman task" of guiding projects to restore and conserve Italy's vast array of decaying antiquity through the minefields of politics and shadowy interest groups.

"You can come up with all kinds of ingenious solutions, you can try all kinds of devices—even with limited means—to repair the damage suffered for too long by our historical and artistic heritage," he said.

"But in the end, nearly always, disputes, the revolt of contrary interests, accidents and complaints will rise up and bring everything to a halt. This happens with the predictability of a chemical reaction."

holders peddling tourism's familiar trophies model towers in miniature, postcards and guidebooks.

The alarms have been sounding for years about the tower's steadily increasing tilt: by roughly 1/25th of an inch every year. In January 1990 the tower was finally closed to visitors, and experts began studying two issues—the tilt of the tower and its structural stability. The news was worrisome on both fronts.

"The tower has leaned increasingly throughout its existence," Viggiani said. "But we found it was on the verge of falling down or collapsing because the structure is badly stressed."

So, last year, a girde of steel cables was thrown around the base of the tower. Then the tower's original base was reinforced with concrete so that, this year, the lead ingots could be placed on it: first 140 tons, then 300 more tons, and by the end of this year, a further 200 tons is to be placed on top of the existing ingots, to pull it further back from its alarming tilt.

Then, Jamiolkowski said, the idea is to stabilize the lean by a process called "controlled subsidence," meaning that the ground below the northern flank of the tower will be lowered to provide a more level base.

"I wonder if the little guy had fun today?"



Sharing the day's events with loved ones back in the States has never been easier. Whenever you're away, simply dial the AT&T access number of the country you're calling from and an English-speaking AT&T Operator or voice prompt will put you through in seconds. You can bill the call to your AT&T Card, U.S. local calling card, or call collect. You'll get economical AT&T rates and keep hotel surcharges to a minimum. It's all part of our continuing commitment to be there for you. Even when you're on the other side of the planet. So surprise someone back home with a call. Who knows? Perhaps they'll have a little surprise for you.



Table titled 'AT&T Access Numbers' listing international dialing codes for various countries like ANDORRA, ARMENIA, AUSTRIA, etc.

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